2665

ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XVII

Wednesday, May 23rd, 1956.

COLUMBUS, OHIO.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

- - - - -

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - - - -

I N D E X

SEVENTEENTH DAY, MAY 23RD, 1956.

Hartford, C. W. 1512
1549
1572
1581
1596

Robarts, J. P., Q.C. 1513
1529
1595

Hartshorne, J. D. 1514
1537
1554
1556
1569
1578
1584

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

- - - - -

Mr. J. P. Roberts, Q.C., Chairman, presiding.

Mr. D. J. Collins, Secretary.

- - - - -

I N D E X

SEVENTEENTH DAY, MAY 22ND, 1956.

Hartford, C. W. 1712
1649
1712
1581
1595

Roberts, J. P., Q.C. 1713
1629
1595

Hutchinson, J. D. 1714
1537
1554
1556
1559
1574
1594

Wilkins, Mrs. Ruth. 1529

Soller, John 1530
1545
1546

Faller, V. A. 1533

Makeever, C. H. 1545

Appendix "A" 1597

Appendix "B" 1600

- - - - -

SEVENTEENTH DAY

Columbus, Ohio,
Wednesday, May 23rd, 1956,
10:15 o'clock, a.m.

- - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

PRESENT:

Messrs. Sandercock,

Root,

Auld,

Yaremko, Q.C.,

Mackenzie,

Reaume,

MacDonald.

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee,	Traffic Engineer, Ontario Department of Highways.
Mr. C. W. Hartford,	Acting Executive Director,
Mrs. Ruth Lloyd Wilkins,	General Counsel,
Mr. John Soller,	Comptroller.
Mr. C. E. Westervelt, Jr.	Assistant to the Executive Director.

Mr. C. H. Makeever,	Assistant Chief Engineer.
Mr. James D. Hartshorne,	Director of Information and Research.
Mr. James D. Casto,	Assistant to the Director of Information and Research.
Mr. T. Blair Willison,	Assistant to the Director of Information and Research.

(The foregoing are members of the Ohio Turnpike Commission)

Mr. V. A. Faller,	J. E. Greiner Company, Consulting Engineers.

- - - - -

MR. HARTSHORNE: Gentlemen, I will ask Mr. Hartford, Acting Executive Director, to say a few words to you at this time.

MR. HARTFORD: Gentlemen, I would like to take this opportunity of welcoming you, and to say that we appreciate the opportunity of meeting with your group, and giving you anything we might have which will be of assistance to you.

Our Chairman, Mr. J. W. Shocknessy, has been ill, and it is quite likely he will not be in attendance this morning.

I would like to ask your Chairman, Mr. Robarts, if he would give us a brief resume of the work being done by the Committee, after which we will ask your

permission to exhibit a few slides on the progress made in regard to the Ohio Turnpike. These may stir up a few questions in your minds, which you may like to ask.

THE CHAIRMAN: Mr. Hartford and gentlemen, I would like to express, on behalf of our government of Ontario and this Committee, our appreciation for the co-operation you are showing us this morning.

We were appointed in September, 1955, to investigate the whole problem of toll roads as it might apply in the province of Ontario.

We brought in an interim report at the last Session of our Legislature in February, in which we approved the principle of toll roads, as a method of obtaining additional revenue for highway construction.

In order to arrive at any conclusions, we visited the New York State Thruway, the Garden State Parkway, the New Jersey Turnpike, and the Pennsylvania Turnpike, and have heard a great many delegations from our own jurisdiction and various organizations, which are interested, pro and con.

We are trying to apply their experiences to our situation in Ontario, both in its application to our centres of population, and the topographical features of the province, and our present free-highway building

programme, and so forth.

We feel that your situation here in some ways parallels ours; you have large concentrations of population, and I do not think you have too many topographical difficulties to overcome, perhaps such as they may have in regard to the Pennsylvania Turnpike, where they have no choice but to use only one road if they want to move across the state with any rapidity, and that is why we wanted you to explain the problems both in connection with construction and financing operations.

We think your situation is somewhat analogous to ours in Ontario, and we do hope that by next February we will be in a position to recommend to our government that certain principles be applied in certain areas in the province, or not be applied, but at this stage of the game I think we are fairly open minded about it.

I think that is a very brief resume of our position to date, and we would be very interested in anything you can tell us, and if we may, as we go along, ask a few questions which may be in the minds of the members of the Committee, we would be very appreciative.

MR. HARTSHORNE: As I said, we have a few slides we would like to show you, which perhaps will

give you some indication of the problems with which we were confronted in the construction of the Turnpike. We have not set any design for the conduct of this meeting, so it is open and informal, and I think perhaps we can follow whatever pattern may develop.

THE CHAIRMAN: I think that is a very good idea, Mr. Hartshorne.

MR. HARTSHORNE: I might say that the Commission was formed pursuant to the Ohio Turnpike Act, which was enacted by the General Assembly of Ohio in 1949.

The Commission is the policy body, and has five members, of which the Director of Highways is a member ex officio, and the other four members are appointed by the Governor, and no more than two of the appointees may be of the same political party; in other words, it is a bipartisan Board. Of course, in this country, we have the two-Party system in effect.

The Commission is a body corporate and politic, and it is, to a degree, autonomous. Its only finances are those received from the sale of revenue bonds for the construction of a project, and there is no tax money involved in the operations of the Commission. The revenues come solely from the Turnpike.

It was three years after the Commission was appointed and began operating, in 1949, before the next

step of going through the courts and clearing up the question of the constitutionality of the Turnpike Act was accomplished, and the bonds were sold in July, 1952.

At that time an issue of $326 million at $3\frac{1}{4}$ per cent. interest Turnpike bonds were sold to the public, and construction immediately began, and on December 1st, 1954, the Commission opened 22 miles of Turnpike immediately adjoining the Pennsylvania Turnpike, at the Ohio-Pennsylvania State line, in order to relieve a bad traffic situation which had existed there, with vehicles going to and coming from the Pennsylvania Turnpike over secondary Ohio roads.

That section also served as a good training ground for the Commission's studies to learn some of the problems in connection with operating a turnpike.

Then, on October 1st, last year, the remaining 219 miles of Turnpike was opened, and it has all been in operation since that time.

We do not pretend to know all the ins and outs of running a turnpike, but we are learning more every day and are profiting by the experience of those who have been in the field longer than we, and with your permission I will show you the slides, which may deal with some matters in which you are interested.

SLIDE I

In the beginning, it was necessary to have a location for the first project, and to provide for a toll road where you expect the traffic will be heavy enough to provide enough revenue to carry your maintenance and operating expenses, and take care of debt charges.

So these (indicating) were the original five which were studied to determine where that objective might best be accomplished, and the one chosen was across the northern part of the state. This (indicating) is the Pennsylvania line; this (indicating) is the Michigan line, and here (indicating) is the Indiana line. May I say that any time any of you wish to ask any questions, please feel free to do so.

SLIDE II

This shows the general location of the Turnpike. Let me interrupt myself to say that the Turnpike Act provides that each project stand alone, at least as far as financing is concerned, and the Commission cannot use its money for more than one project. In that connection, Mr. Soller has the problem of deciding how he will keep the expenditures separate.

This was Project No. 1, and was formally

named "The Ohio Turnpike" by the Commission just prior to the opening, last October.

These light and dark bands (indicating) indicate the volume of traffic, the light is the automobile traffic, and the dark shows commercial vehicles.

As you can see, it was very heavy between Akron, Cleveland and Lorrain, and again near the Pennsylvania line, and the Warren-Akron area.

So we are proposing Project No. 2, but the location is not quite certain from the studies we have made so far, but, generally speaking, we think it will run from Cincinnati, coming past Columbus, and on up to Project No. 1, and run along with it for about ten miles, to make use of the largest bridge, and then take off again, say at Cleveland, and follow the lakeshore over to Conneaut where, if it was built, it would connect with the 50 more miles which Pennsylvania is planning to build from Erie down to and connecting with the New York Thruway, which is now under construction.

SLIDE III

Here is where it joins the Pennsylvania Turnpike, and comes down to the main traffic generator. Here (indicating) is Youngstown, which is a steel city,

and we had to make a bend here (indicating) to avoid the Ravenna Arsenal, which is the property of the Federal government, and then we come close to Akron and Cleveland, the largest city in the state, and then we pass some relatively small cities close to Toledo,divert-ing to the Detroit-Michigan area, and continuing on to the Ohio-Indiana line.

The Indiana toll road, now under construction, joins with us at the state line. That road goes on to Chicago, and it is expected to be opened late this year.

SLIDE IV

This is what "makes the mare go". This is a cheque from the sale of the $326 million issue, the difference being the cost of financing.

SLIDE V

This is a construction picture. It shows the largest bridge over the Cayuga River between Cleveland and Akron.

All the other bridges are twin bridges, and each directional road has its own approach, and this avoids the necessity of narrowing the centre median.

The steel is 400 feet long, and is 175 feet

above the waters of the Cayuga River, and the approach is 1300 feet long.

SLIDE VI

This was the start of our deepest and longest cut, and each shovel had a capacity of 7½ cubic yards.

SLIDE VII

This gives you a cross-section of the highway. The centre median is composed of a 40-foot mall. It is drained for rain and snow disposal, and also has served very well in preventing vehicles out of control in one roadway, getting into the other. So far, no vehicle has gone across the centre median.

There are two directional roadways, one eastbound and one westbound. There is 24 feet of reinforced concrete, and two 12-foot lanes, and they are flanked by 10-foot outside shoulders, and 8-foot inside shoulders, and surfaced with bituminous macadam.

You have between the concrete-asphalted roads a total median of 56 feet.

The shoulders are extended only for emergency use, and the next picture will show you a photograph of the Turnpike itself.

SLIDE VIII

Here, of course, is the inside shoulder. They are dark. This (indicating) is the 40-foot grass plot, and you can see the centre depression, the outside shoulders of the original roadway, and two lanes.

SLIDE IX

This is one point between Cleveland and Akron where we have the roughest terrain, and it was necessary to separate the levels of the two roadways, in order to preserve the desire of the engineers that the upgrades should be limited to 2 per cent.

The one here (indicating), which I believe is the eastbound roadway, is some 68 feet above the westbound roadway, and the roadways are, at that point, almost 200 feet apart.

SLIDE X

This is mainly to show you the twin bridges across the reservoir near Youngstown.

SLIDE XI

This slide, and the next few, are just general pictures of the Turnpike. The grades are separated where we cross anything, or anything crosses us.

Without going into all of the details, I am sure you are all familiar with the principles.

SLIDE XII

This is a typical interchange on the Turnpike. Here (indicating) it is two-direction lanes, and this (indicating) being the intersection with a state highway, and this here (indicating) is the spaghetti-like construction necessary to get on and off the Turnpike, without making left turns against traffic.

That traffic is directed so that it can go through the toll plaza either entering the state highway, or leaving the Turnpike.

We find a number of people lose their sense of direction on the interchanges, even when they are well marked, and they have to go quite a ways out of their way, because it is necessary to make a 360 degree turn in some places.

So it is necessary to design the interchanges very carefully, to try and make sure that people will not have to go anywhere from 20 to 40 miles before they can turn and come back.

SLIDE XIII

This is the type of toll plazas on the state

highway. The charges for these trailer homes by the municipalities in Indiana and Michigan constitute one very important source of traffic revenue.

SLIDE XIV

This (indicating) is the proper type of toll plaza. This is two or three miles east of the Ohio-Pennsylvania line.

SLIDE XV

Of course, these are our main contacts with the public, that is, the toll collectors, and we have a very fine group of men, and have had right from the beginning, who have created an impression upon the public to such an extent that they have written letters about the courtesy the public has received.

After the life of the bonds has expired -- in some forty years -- and when the road will become part of the state system, the toll plazas can be torn down.

SLIDE XVI

It is necessary to have good lighting at certain places on the Turnpike. This (indicating) is an interchange, and the other is at the service plaza, where restaurants and gasoline stations are located.

SLIDE XVII

Here, after you have picked up your ticket, you can determine whether you are going east or west. The directional signs give you the clew, but some people still go in the wrong direction.

SLIDE XVIII

As you will see by this map (indicating), there are 17 toll plazas and 15 interchanges, and 2 terminal toll plazas at the state lines.

Located on each side of the Turnpike, are the 8 service plazas. We locate them across the Turnpike from each other.

That was done, I think, primarily, because it was found in Pennsylvania that no matter what people would do, if you had the plazas staggered, and put up fences and signs, people going this way (indicating), and seeing an opportunity of getting fuel, would park here (indicating) and walk across this lane of fast-moving traffic, or perhaps even try a left turn to cross over. That was creating quite a safety hazard.

It has turned out that having them on opposite sides of the Turnpike is an advantage to the concessionaires, who can move their people around, and go across

on the outside.

SLIDE XIX

These areas are about 1,200 feet frontage and about 600 feet deep, and we have acceleration and deceleration lanes at the toll plazas, so that coming in you can lose speed gradually, and if you want gas, you come to the pump islands, which are staggered at this point.

Then you can get your gas and go on out, and go into an acceleration lane.

Here (indicating) if you want to stop, you can pull into an automobile parking space, and this (indicating) is a single building housing a restaurant on one side and a gasoline station here (indicating).

This (indicating) is the picnic area which is being developed, and is about the size of a football gridiron.

There is another truck area here (indicating), and this (indicating) has to be developed as an additional parking area. It is not in at the moment.

This area will be grassed, and presumably landscaped to some degree.

We have parking space, and a sewage disposal plant, one for each two plazas, and a water supply system of some sort, either by wells, or purchasing water from

the municipalities, where it is possible, and there is some fuel storage.

The Turnpike is completely fenced throughout its length, and one of our problems is to make sure that gates leading out are provided, so that delivery trucks, making deliveries to concessionaires, can enter. These gates must be kept locked, so it will deter anyone from swinging out the back way, so to speak, without paying.

SLIDE XX

This (indicating) is a service station. The automobile parking area is right here (indicating), and this (indicating) is the Turnpike.

SLIDE XXI

This shows a general view of the lobby of a building which turned out to be a very handsome-looking building.

We had some problems in connection with the service, with the concessionaires, but they are now co-operating with us to improve these things, and with time I think everything will work out fairly satisfactorily.

SLIDE XXII

We have eight maintenance buildings on the

Turnpike, one for each 30 miles, and in them are certain maintenance people, and we also have a radio communication system. All the officers on the Turnpike are in communication with each other through our own radio system.

Three of these maintenance buildings also have additional quarters which serve as a barracks for the Ohio State Patrol, which patrols the Turnpike.

SLIDE XXIII

This is a picture of the administration building near Cleveland, from which the operations are conducted.

SLIDE XXIV

This shows a general picture of a snowplow in action near one of the interchanges.

We had quite a bit of snow last winter, and it was quite a "break" in that period for the maintenance force. They learned a great deal last winter.

SLIDE XXV

We have a complement of 64 members of the Highway State Patrol, who patrol the Turnpike, and they have one channel for their own use, and other channels

for general use, a teletype channel, and two or three channels in use for operational purposes.

The Commission has its own lead-in in the administration building, and the police separately have theirs.

SLIDE XXVI

This is one of our patrol cars. The Commission furnishes the cars, and I believe we are the only Turnpike Commission, in this country at least, which does so.

We pay all the expenses of the Patrol, salaries and other general expenses. I do not know what our costs will turn out to be. I saw a figure in relation to the New Jersey Turnpike where it cost about $14,000. per year per patrolman.

SLIDE XXVII

People on the Turnpike at times pass the interchanges, and we have many of these lead-in signs, leading to the interchanges. The arrow can be turned in any direction.

We will use about a thousand more. They have turned out to be very necessary.

SLIDE XXVIII

This last slide is a general picture of the

eastern turnpike system of the United States. That (indicating) is Ohio in the coloured dotted lines, and we connect at the Ohio-Pennsylvania line with the Pennsylvania Turnpike, which is now completed to the Delaware River, and on Friday of this week, the Delaware River Turnpike bridge, which was constructed jointly by the Pennsylvania and the New Jersey Turnpike Authorities, will be opened. This will lead to the gates of New York, so that after Friday we will have 550 miles of turnpike from the Ohio-Indiana line to New York city.

This (indicating) is the State of Indiana, and this (indicating) is their toll road, which they have now constructed to the outskirts of Chicago. It is to be finished this fall, so we will have 818 miles without any traffic lights or grade crossings, between New York and Chicago.

That, gentlemen, completes the slides, and I will turn things back to Mr. Hartford and Mr. Robarts, and ask them to "fire away".

THE CHAIRMAN: I imagine there will be questions coming from all members of the Committee, Mr. Hartford.

The first question which occurred to me was on the matter of separate financing, and in Mr. Hartshorne's report, he said this would eventually become part of the Ohio state system.

Did you say, in respect to financing, that it is impossible for this revenue from the present system, when the whole project is paid for, to be diverted to another project which might come into being in the next forty years?

MRS. WILKINS: Under the statute, the revenue bonds are issued for the purpose of the construction and maintenance of each turnpike project.

Obviously, it is necessary, at the time the bonds are floated, to enter into a trust agreement which provides the issue for a particular project, and can only be used for that project, and revenue from that project cannot be diverted to other projects.

When the bonds are paid for, it will be a free road, by statute.

MR. MacDONALD: Section by section?

MRS. WILKINS: This particular project.

MR. MacDONALD: Project by project?

MR. YAREMKO, Q.C.: This whole 241 miles?

MRS. WILKINS: The bonds were not issued piecemeal; they were for the entire project.

MR. SOLLER: At that time, this was a large revenue bond issue. I think Pennsylvania had more bonds outstanding, but they had sold the bonds part at a time. This was the largest single issue.

The underwriters formed a group of 411 investment companies to market this issue.

It was a case of negotiating a price, and because there was not a group beside this 411, which could be formed to offer competition, and the bonds sold out the first day. In fact, I think they were oversubscribed.

MR. REAUME: At what price were the bonds sold?

MR. SOLLER: To the public at par, and the Commission received $97.60 per $100.00; $2.40 went to the underwriters and represented their selling costs.

MR. REAUME: If the bonds had been guaranteed by the state, you would have received a higher price for them?

MR. SOLLER: Perhaps the coupon rate would have been lower if they were guaranteed by the state.

The New York Thruway, shortly after it issued some state-guaranteed bonds, had a considerably lower rate than the one we are paying.

MR. REAUME: In other words, if the revenue from the road is not enough to meet the debt requirements, plus maintenance costs, then the bond holder is the person who has to wait?

MR. SOLLER: That is right, the bond holders

have to wait.

MR. REAUME: What is the rate?

MR. SOLLER: $3\frac{1}{4}$, and these are tax exempt.

MR. REAUME: I know. That is quite a thing.

MR. SOLLER: You might be interested to know that in the last month, the State of Ohio sold $50 million of bonds for roadway improvements, and the cost to the state of that was 3.09 per cent. That was the average interest the state would have to pay for the money.

There has been a substantial change in the bond market in this country, and probably in Canada, since these bonds of ours were sold, in July,1952. I do not know what we would have to pay today. I am sure it would be more than $3\frac{1}{4}$ per cent.

MR. MacDONALD: We had a discussion with the Pennsylvania Turnpike Authority, and it was discovered they would give some of the revenue to the northern part of the state, in an area which might not be immediately economically feasible, but they had been able to build that with assistance from the Turnpike, so they could expand.

In other words, their approach is different from yours, where you put your project on its own merits. What was the reason for putting it on its own financial basis?

MR. HARTFORD: I will refer this question to Mr. Faller of the firm of J. E. Greiner Company, our Consulting Engineers, who was the Consulting Engineer to the Pennsylvania Turnpike, and he might be able to give you more information than I.

MR. FALLER: They had an open-end indenture, which permitted them to construct additional facilities and combine them as far as financing was concerned, when the original Turnpike was built in 1940. In 1947, when they started the financing of the two extensions, the eastern and the western, they called in the original bond and floated a new issue covering the outstanding bonds, and the money required for new construction, and they did that at a saving.

In other words, they sold their new bonds at a lower interest rate than the original bonds were carrying.

The answer is they had an open-end indenture, and they can consolidate as much as they please.

MR. HARTFORD: They required new financing?

MR. FALLER: Not at that time. In this instance, it was determined they could re-finance and save money.

MR. SOLLER: This gets to a legal question, and I think there is something in the Pennsylvania Act

which permits them to continue to charge tolls after the road has been paid off, and these tolls diverted to the payment of interest and the redemption of their bond issue for the extensions.

I was told that the bonds of the original Pennsylvania Turnpike probably would be paid off within the next six years, but it will not become a free road at that time. It will continue to collect tolls, and that money will be used to help the northeast extension, and perhaps the western extension.

MRS. WILKINS: I am not familiar with that provision.

MR. YAREMKO, Q.C.: They have the right of building what they call "feeder extensions", to build up the revenues on the main road, and it is a question of when a highway becomes a completely new project, or becomes a feeder road?

MR. HARTSHORNE: I think the Pennsylvania Authority had proceeded with the building of such a feeder from Chester to the main line.

MR. MacDONALD: The question is, why did you take a different approach? Was it economical to finance, or was it a political suggestion?

MR. HARTFORD: That will have to be answered by the Legislature.

MR. HARTSHORNE: The Bill was introduced in 1949, or the next year, but they held the statute until 1952, because, until we had some money with which to operate, the Commission had no status, and did not pay their salaries nor expenses until after the bonds were sold.

So next year after the discussions and debates, they effected the passage of the Act, which, by the way, was turned down in a previous session of the Legislature, and it was not passed until two years later.

MRS. WILKINS: I think, as Mr. Hartshorne has said, none at this table was present at the time the bonds were sold.

I think it was found at that time to be economically advantageous to float another bond issue to build the entire Turnpike, rather than doing it by sections.

MR. HARTFORD: I think the question is, why should No. 1 be financed separately from any other project which might be considered?

MRS. WILKINS: It seems to me also that necessarily the entire bond issue was floated for the construction of the entire Turnpike, and that the indenture would almost necessarily require that the revenue be handled in that way.

MR. FALLER: That is in connection with two

or multiple projects?

MRS. WILKINS: Yes.

THE CHAIRMAN: You have something in your project which I can see would have some appeal from a political point of view. You have not created what might turn into a self-perpetuating body, which could go on ad infinitum.

MR. FALLER: It also may have some appeal to the investors in that there would be no danger of having an extension which might affect their investments.

MR. REAUME: That could be.

MR. MacDONALD: Do you anticipate any difficulty at the end of the time by not being able to turn it back to the Ohio Highway system?

MR. HARTFORD: You may have to tell the state that.

MR. MacDONALD: We find in some cases it is in the statute, that it goes back; in other cases, it does not, and we found in getting off-the-cuff comments, there were quite interesting views expressed.

MRS. WILKINS: Our statute provides that after the bonds are paid, it shall become part of a highway system, and be maintained by the Highway Department.

MR. MacDONALD: In some states we discovered that already the turnpike budget was larger than the

highway budget of the state, and a project with a small budget would take over the big one with a toll to keep up the maintenance, so you are equating this, in that you can turn it back at the end of forty years.

MR. REAUME: I wonder if that is a fair question. Prior to the time you decided to build the road, you had people estimate what income there would be from the road?

MR. HARTSHORNE: That is right.

MR. REAUME: After operating for a period of less than a year, are you living up to what you hoped to attain?

MR. HARTSHORNE: We are not.

MR. REAUME: What is the reason for that?

MR. HARTSHORNE: The traffic engineer who made the original estimate in 1952 did not give us an estimate by months or any estimated seasonal operation, so it is difficult, until we get a full year's experience, to know how close we are going to come to the estimated earnings of this project for the first full year.

The traffic engineer said our income for the first year of operation would be approximately $20 million--$20 million and a couple of hundred thousand dollars.

MR. AULD: That was based on a schedule of tolls?

MR. HARTSHORNE: Yes. Our tolls are fixed in

conformity with that.

Starting last October, and for the first seven months, our total income is $6,100,000, I believe, which is considerably below the proportionate part of the $20 million, but we have what perhaps will be the best five months of the year ahead of us, May, June, July, August and September, when we will be operating during the summer, but we have no idea of what the summer traffic will be.

Breaking the traffic engineer's estimate down, we are ahead of the estimate, but we think, as we try to forecast the seasonal operations for ourselves on passenger cars, that we are ahead of the concessionaires and gasoline income.

Where we do fall short is on the trucks and commercial vehicles.

THE CHAIRMAN: Would you care to comment further on that lack of commercial traffic?

MR. HARTSHORNE: Mr. Hartford, do you care to comment on it?

MR. HARTFORD: I cannot comment, because I do not know the answer.

MR. HARTSHORNE: Some of us can make guesses.

MR. YAREMKO, Q.C.: I see there is a parallel route No. 20 here (indicating). Are they using it?

MR. SOLLER: These trucks go up and merge with the traffic on Route No. 20. It is very heavy.

THE CHAIRMAN: If I may interrupt for a moment; that is a very important question, as far as we are concerned. We have many free highways across the province, and we felt your experience might be ours, and we are interested in that feature.

MR. HARTSHORNE: Our traffic with automobiles is very good, and I think it is also twice what the traffic revenue report anticipated.

The drivers want to save time, and they like the conveniences and the time saved them on the Turnpike, and they have found they can save about three hours driving across Ohio.

We would like to have about twice as many trucks, and we are running about 107,000 to 110,000 commercial vehicles per month.

The motor-carrier industry has made representations that our tolls are too high, and they have suggested revisions in the toll schedules, as it applies to commercial vehicles, and they have said, "You are designating a volume of commercial vehicles which we do not have".

Where we stand at the moment is the Commission has called for a study and report on tolls for commercial

vehicles, and on the volume discount, . and that report is to be made to the Commission by the engineer on June 14th. What the report will show, we do not know, nor is it possible to say what the reaction of the Commission will be to whatever the report says.

But the position of the trucking industry is that the tolls are too high, and they say they must come down before they can use the Turnpike more fully than they do at the present time.

That was mainly from the truck carriers; we did not hear so much from private carriers or businesses which operate their own trucks, and which represent a very sizeable percentage of the total volume of trucks.

Those who have been in the commercial vehicle business longer than we say it requires a year or two to teach the commercial vehicles how to use toll roads to advantage. We have seen that on other turnpikes, and many of the operators who are now beginning to appear in larger numbers, will learn that they can cut their costs on certain runs by using the Turnpike.

In some cases, they can also save on wages.

Where they say they cannot is from Detroit to Akron, but an operator can send a truck from Detroit to Akron, and turn around and get it back to Detroit in ten hours' operation, with one driver, and that effects

a saving in wages, because otherwise he would have to pay wages for two drivers working eight hours.

We are seeing more and more of those, but the chief point seems to be the rates, and the next thing is to hear from the engineers, and see what the Commission does, and should the Commission make any change, it will have to see whether the industry is going to be using the Turnpike in volume, as they say they will pay the rate which meets their needs.

MR. ROOT: Are your tolls higher than on other turnpikes?

MR. HARTSHORNE: They are lower than some of the turnpikes.

A new rate will go into effect on the Pennsylvania Turnpike next week. Pennsylvania and Ohio are the only two turnpikes which classify the vehicles by the gross weight of the vehicle and the load. Every vehicle is weighed as it goes past the electronic weighing equipment.

We have nine classes, and in this leaflet here (indicating) at the bottom on the inside, is a small table in black and white, which shows you the nine classes, and the weight limits for each class, and the usual toll for that class.

Class 1 is from 6,000 to 7,000 pounds gross

weight. Your automobiles fall into that class.

Class 2 is from 7,000 pounds to 9,000 pounds, and there we consider all vehicles to be commercial vehicles, either buses or trucks. There are some reasonably small panel trucks which do fall into Class 1, but the bulk of them fall into Class 2, from 7,000 pounds to 9,000 pounds.

The rates for those very likely are above Pennsylvania, but perhaps I should say that we have not seen the new rates as yet, but there are other factors to be considered in Pennsylvania. They have this volume discount, which lowers their rates still further.

There, if you have a monthly bill starting at $1,000. or more, you get a discount which at present ranges from 10 per cent. to 20 per cent. We do not know what the new one will be.

We have a discount, but we have an axle-mile tax, and I understand your Committee is interested in that question also.

For mileage on the Ohio Turnpike, that tax need not be paid, so, depending on the type of truck and the number of axles, a trucking operator can save from 1 cent to 2½ cents today by operating on the Ohio Turnpike, as against operating on a public highway. They

have that operation of trucks, regardless of volume.

However, whether these rates will remain as they are or be changed, I cannot say at the moment, but we will know more about this by the end of the summer.

THE CHAIRMAN: May I say, gentlemen, if there is anything you wish to say, which you do not wish put in the record, if you will so indicate, our reporter will not take the notes. We understand that sometimes we touch on subjects which we may not realize you would not like to have in a permanent record.

MR. MacDONALD: Are the newspaper stories accurate that the trucking associations have been engaged in a virtual boycott, and if so, if it is a step to get your rates down?

MR. HARTFORD: I will let Mr. Hartshorne answer that.

MR. HARTSHORNE: We have said they are not, and there is no way of proving they are.

However, it is my feeling -- and I am speaking only for myself when I say that -- because my Department is charged with the development of traffic, and we now have a man on the road calling on the operators of trucks, both motor carriers and private carriers, and it seems to me there is some objection, and they have sat down and discussed the matter on the road, and some

of the people upon whom they have called -- if I may use the word -- do not want to "break the front".

However, there is another factor which operates against such an agreement, and that is the competitive factor.

We have one motor carrier owner with headquarters in Akron. That was our first charge account, and he has made some 700 trips on the Turnpike, and has been using it steadily since it was opened last October 1st.

They have been one of the leaders in the trucking industry to try and persuade us to alter the rates.

But we have seen definite indications -- some of it from the carriers -- that some have been forced to use the Turnpike in order to compete with other runs, particularly between Cleveland and Akron, and Erie to Chicago, and as is developing now, from Detroit to Akron. They will have to use the Turnpike, so they can get in earlier, and that appears to be an important factor.

We have had to pick up this information rather slowly, and even painfully, because naturally the trucking industry wants to guard each individual company's secrets from each other, and it is only as we happen to hear it here and there, that we can put

the situation together.

MR. ROOT: How much higher are your rates than in Pennsylvania?

MR. SOLLER: I do not know. The new rates will go into effect on Friday. But the rates today, in certain classifications, are below ours, and then, in other classifications, we go below them. I have a report upstairs which compares them weight by weight.

The unknown thing is what this discount amounts to, because if you are trucking and driving one trip a week, you pay a certain rate, whereas if you have over $20,000 worth of business , you get a discount, and the rate goes down.

It is very difficult to say that their rate is so much, and ours is so much, because of the discount variable.

MR. ROOT: How do you arrive at your rates?

MR. HARTFORD: I will ask Mr. Makeever to answer that.

MR. MAKEEVER: They were originally set by the consulting engineer. We were to charge so much across the length of the Turnpike for different classes of vehicles, and it was set forth in the trust indenture that our rates were to be substantially the same but not lower. That is the way the rates were set. They did

not make any incremental costs, but their attack on the problem was to have a definite record of all vehicles which were potential users, and they went into various cost studies, and I do not think they used any formula, but used their own traffic figures to project how much traffic would be diverted to the Turnpike. They estimated how much saving there would be in using the Turnpike, and the rate was supposed to be under that saving.

MR. SOLLER: I would like to add something there, and go back and touch on something which was mentioned before.

In establishing these rates, what appears to us to be of considerable importance, was the saving in time. The saving perhaps accrues to a company which operates its own trucks, and perhaps pays its drivers on an hourly rate.

However, it seems to be common in the unions' contracts with the carriers, that they be paid so much a trip.

If they pay "X-dollars" for a trip from Toledo to Pittsburgh to a driver, as was set up in the union contract, and if the driver saves two hours, the company benefits little or none at all. They say, "Why pay the toll; we save nothing in labour costs. The tolls

are out-of-pocket expenses, except perhaps some intangible saving for gasoline and tires, and the utilization of the equipment, and perhaps the safety record might lead to a reduction in insurance costs, or something of that kind.

It was the time saving, which was of considerable importance.

I think that is something you should be looking into.

MR. REAUME: It would appear you should be working with the heads of the unions, rather than the owners.

MR. FALLER: Originally, the Director of Highways made these studies for turnpike project No. 1, and he retained two firms of consulting engineers, one was concerned with the financing, and the other with traffic development, and documents were prepared dealing with the financial arrangement from the studies which were conducted, and those were pretty well tied into the trust agreement which required that the tolls established by the Commission be substantially the same as those set up in the traffic engineer's report.

MR. ROOT: When you set your rate, did you set it by the amount of damage the trucks would do to the roads?

MR. FALLER: I am not too familiar with that.

MR. MAKEEVER: I do not think they were well enough versed to approach that from a technical standpoint. I would rather believe that it was set on the ability to pay.

MR. ROOT: That would be the portion of the rate in your nine weight categories?

MR. HARTFORD: That is right.

MR. AULD: I see you go up to 45 tons. Is that the limit?

MR. MAKEEVER: No, we have 78,000 pounds.

MR. HARTFORD: But you will give permits for heavier loads?

MR. MAKEEVER: Oh yes, if they travel established roads and put up a bond.

MR. AULD: What is the axle maximum?

MR. MAKEEVER: Our axle maximum is 20,000, and the state law is 18,000 pounds.

MR. AULD: With a certain number of tires?

MR. MAKEEVER: We are not concerned any more with tires. Of course, with certain loads, they would require to be bigger tires.

MR. YAREMKO, Q.C.: It appears that apart from highway project No. 1, your problems with regard to the rest of the state are about the same as those in Ontario.

I would gather from Slide No. I there were about four other routes where the facilities are not what they should be, and would only be the beginning of a self-supporting toll road.

What will the state do with those four alternate routes?

MR. HARTFORD: I think most of the information is in the so-called "Fallon Bill". I think it is Bill No. 1660, and that covers some $14 billion made available over 14 years to improve certain specified road systems.

That Bill has now passed the House of Representatives, and is under consideration by the Senate.

One of the things which makes project No. 2,-- the north-south Turnpike -- uncertain is that this Bill will provide beyond what we in the Ohio Department of Highways have programmed in the way of road improvements, using that money.

Right now there is some discussion as to whether the project No. 2 -- the north-south Turnpike -- should be built there as part of a toll road, or should it not, in view of the money which will be made available, be built entirely as a free road.

All those roads you saw in that No. 1 slide, will very likely be improved almost to turnpike standard, if this money becomes available. So it may or may not

be that more toll roads will be built in this country.

The Commission, as I have said, has regarded revenue financing as sort of a last resort, when the Commission cannot secure public money otherwise to build the highways.

As the Chairman expressed it at the last meeting, "The building of this north-south highway by the Commission is the least desirable way of accomplishing that end. It should be done only if other methods are not available".

MR. YAREMKO, Q.C.: If the Fallon Bill was not in existence, your thinking would be different?

MR. HARTFORD: That is right, because these roads were begun in the summer, two years ago, before the Fallon Bill was brought in.

The prospect of a north-south Turnpike in Ohio was much more definite until the Fallon Bill came in, and it is very likely going to be passed at this session of Congress, and then the future of toll roads becomes very uncertain.

MR. ROOT: What percentage does the Federal government pay?

MR. HARTFORD: 90 per cent.

MRS. WILKINS: That is passed.

MR. HARTFORD: Some 1,300 miles of highway, what

is called "the Federal State Highways" will tie the main roads in, and it is expected will connect practically all of the larger cities, and practically every capitol, and there are 1,300 miles in Ohio, and Ohio's share in the money from the Fallon Bill will be approximately $1 million per mile.

MR. MacDONALD: It must be a fair conclusion that the Federal aid is in opposition to toll roads, and this Bill has, to a certain extent, eliminated the necessity of toll roads.

MR. HARTSHORNE: The building of toll roads is considerably restricted, because you may not have the volume of traffic to justify them, and there are not many places where they exist, but in other parts of the country you have improved highways which should be used.

I would not say it is "opposition to the toll roads", but rather an effort to provide the roads which are actually needed.

MR. MacDONALD: Is there any tendency to alter the approach to toll roads to the degree of not necessarily specifying they must be completely self-supporting, or at least to meet part of the costs?

That is a fact to which we have given a great deal of thought in Ontario, where our traffic volume may

not be sufficient on a long toll road to pay for the entire toll road, but might pay for 50 per cent. of it.

MR. HARTSHORNE: There are various arrangements. For instance, part of the bonds which were used to build the New York Thruway were revenue bonds; others are state-guaranteed bonds -- about $500 million; so, to that extent, the state is underwriting them.

MR. SOLLER: Is there not something in relation to the Mackinac Bridge, whereby the State of Michigan is guaranteeing so much?

MR. REAUME: I think that is right.

MR. SOLLER: I am not familiar with the details, but was there not some such arrangement?

MR. AULD: There was no idea of using part of the state gasoline tax to build the road, and thereby reduce the toll?

MR. HARTFORD: Not in Ohio.

MR. AULD: I think there is one state which pays the maintenance.

MR. YAREMKO, Q.C.: Yes, Oklahoma.

MR. MAKEEVER: I think I should explain that at the last session of the Legislature, it gave the State Highway Department the right to vote $500 million worth of bonds to be paid for by highway users, and that is why you see the enormous amount of construction

going on in Ohio.

MR. YAREMKO, Q.C.: Tied in with the increase in the gasoline rate?

MR. MAKEEVER: Yes, tied in with the increase in the gasoline rate.

MR. MacDONALD: Does the gasoline tax go to the highways?

MR. MAKEEVER: Yes.

MR. MacDONALD: It is not drained off for education, and things like that?

MR. MAKEEVER: No, we stopped that five years ago.

MR. AULD: There was something said about interest.

MRS. WILKINS: That was in the Fallon Bill.

MR. HARTSHORNE: Taxes were raised on gasoline and diesel fuel, and on tires and by weight.

MRS. WILKINS: And proposed on trucks, too.

MR. COLLINS (Secretary): Did not the original Fallon Bill have a clause which extended Federal aid to toll roads?

MR. YAREMKO, Q.C.: In this project No. 1, in which everything was planned from boundary to boundary, is there not a large section in there in which the traffic does not pay for the road, or is it self-supporting all the way across the board? Was there not

a stretch of, say, 40 miles, which was not self-supporting?

MR. HARTSHORNE: I would not say that the 241 miles is not self-supporting. We made money in October.

With regard to the rate of interest cost: they have not broken even in mid-season, in other words, November, December, January, February, March and April. We had the chance of breaking even in May.

Our operating costs are about $11,000 a day, and so to break even we have to have about $40,000 a day. We are ahead on weekends and Sundays particularly, but on other days we have not been.

It requires $29,000 a day for interest on $326 million in bonds, for 365 days a year at 3¼ per cent.

I would say, to answer your question more specifically, that the section west of Toledo has been less heavily travelled. There is a good competing state road there, U.S.20, which is just north of the Turnpike. That may change entirely when the Indiana turnpike is completed. We do not know. When people get on the toll road at the outskirts of Chicago, and miss, for instance, the city of Elkhart, Indiana, and some other places, there may be a difference there.

There is no other large city enroute. Fayette

has the equivalent of about six or eight city blocks.

There is an inclination when people get on a toll road to stay on it. They would not leave the Turnpike to take, for instance, U.S.20, westbound, but in the opposite direction, once they are on U.S.20, and come to the Ohio Turnpike, and see a perfectly good concrete highway which U.S.20 is, there is not the same inclination to leave that and get on the Turnpike, as there is to stay on the Turnpike coming in a westerly direction.

So in that connection, I would say that the westbound traffic is at least 10 per cent. higher than eastbound.

MR. REAUME: I was wondering what would happen. There was some talk of a road being built from Windsor and Detroit to Buffalo. Taking a look at that, what effect would that have on you, or us, if we were to build a road on the opposite side of the lake?

MR. HARTSHORNE: I would estimate some traffic they might get from Detroit might be going elsewhere.

THE CHAIRMAN: That brings in the question of how much out-of-state traffic you estimate travels on your Turnpike.

MR. SOLLER: Oh, a great deal. We have no figures on it, but if you watch traffic, and look at the

[illegible] the equivalent of [illegible] or [illegible] [illegible].

[illegible] In an institution such people get so [illegible] used to doing on it. They would not have the [illegible] to take. For instance, U.S.30, [illegible], and in the opposite direction, once they are on U.S.20, and come to the Ohio turnpike, and now [illegible], [illegible] concrete highway up on U.S.20 in, once is not the same institution to leave that and get on the Ohio as there is no [illegible] on the turnpike coming up [illegible].

In the first connection, I would say that the westbound traffic is at least 10 per cent higher than eastbound.

Mr. [illegible]: I was wondering what would happen. There was some talk of a road being built from Akron [illegible] and Detroit to Toledo. Putting a lot of [illegible], what effect do [illegible] have on [illegible], if it were to be built a road on the opposite side of the [illegible].

[illegible] Detroit might be going [illegible]

Mr. [illegible]: Just judge in the question

license plates, you will see there is a great deal of out-of-state traffic.

THE CHAIRMAN: Would that be both commercial and passenger cars?

MR. SOLLER: With commercial cars, it is difficult to say, because they carry so many different license plates. I was speaking largely in terms of passenger cars.

THE CHAIRMAN: I was thinking of the through traffic, going through Ohio, with no drops-off.

MR. SOLLER: Uninterrupted full-length trips will run about 2¼ per cent. commercial,and about 2-3/4 per cent. passenger cars.

THE CHAIRMAN: Is it as low as that?

MR. SOLLER: Yes. But you must remember if a person is coming out in the late afternoon or evening, and wants to stop off for an over-night's sleep, they can get back on the interchange in the morning, and that makes two trips, and we have no way of checking that.

THE CHAIRMAN: Do you feel that the popularity of your road is because the passenger cars have left it free and unencumbered for the trucks?

MR. HARTSHORNE: That is true. Newspapers have surveyed it on No. 20, and we have had comments

from motorists about people leaving the roads.

When we come to the summer tourist traffic, there will be a little more traffic, but not everybody is going to drive on the Turnpike. That is the situation.

I might say you have in your kits, in the envelope, the daily traffic operations up to April, 1956, that is, for the first four months of 1956, and you will see that the miles per trip for passenger cars -- the average trip -- was 24 miles, as against the complete 240-mile length for trucks, where the average trip was 61 miles.

It is a fact, as we have learned, that motor-carrier trucks, depending on where the runs are, may go all the way from New York to Chicago on other roads they may follow, according to their certificate, and not use the Turnpike at all, except to gas them up, and serve their freight stations, and they are getting on and off the Turnpike for that reason.

I might say in connection with what Mr. Soller said in regard to traffic generally; we opened the Turnpike, as the Chairman said, in the season of lowest traffic, but we are now approaching the season of greater traffic as far as automobiles are concerned, and if the experience of the Pennsylvania and New York Turnpikes are borne out, on this Turnpike, we should

reach our high peak of passenger-car traffic in July and August.

The Commission's position is we are drawing no conclusions as to what our traffic would have been, if we had been in operation for a full year, which will not be until October of this year, because we have not been through the most active season, and I am sure we will be disappointed here if the traffic from now on through September and well into October is not very heavy as regards passenger automobiles, and the revenues will likewise reflect that.

THE CHAIRMAN: I notice your truck percentage is increasing during October, November and December. You might be undergoing what might be called "educational difficulties" in regard to your operations.

I notice it raised from 10.2 per cent. in October to 16.2 per cent. in December.

MR. HARTSHORNE: Yes, that is correct.

MR. YAREMKO, Q.C.: What would be the condition you would have in the area, if you had no toll roads, and you had this additional traffic travelling on the then existing state highways?

MR. MAKEEVER: It was deplorable.

MR. YAREMKO, Q.C.: You had to have additional highways of some kind?

MR. HARTSHORNE: If you are travelling east and west in the northern part of the state, you must go across the northern area from Columbus north, because there are practically no east-west highways south of us, and north of Ohio you have the Great Lakes, so there is a tremendous volume of traffic going back and forth, and that is why the engineers picked that location as the most likely to have the heavy volume of traffic to maintain a toll road.

MR. MAKEEVER: Should you not qualify your percentage of car traffic, because I do not think it includes anything coming out of Michigan.

MR. SOLLER: No, I am speaking of those coming from the Pennsylvania Turnpike, and going into Indiana, vehicles which have driven the entire 241 miles, without having to leave the Turnpike for any reason.

THE CHAIRMAN: A continuous trip?

MR. SOLLER: Yes. We get traffic which turns off the Turnpike to go to points in Michigan, but they would not be included in my percentages, because they did not travel the full 241 miles.

THE CHAIRMAN: You would have a number of commercial vehicles making drop-offs in your state, from out-of-state vehicles delivering in Ohio?

MR. SOLLER: Yes. The motor carriers have

MR. HAWKSHOLME: If you are travelling east and west in the northern part of Ohio today, you must go across the northern area from Cleveland north, because there are practically no east-west highways south of us, and north of Ohio you have the Great Lakes, so there is a tremendous volume of traffic going back and forth, and that is why the engineers [illegible] that look on us the most likely to have the heavy volume of traffic to maintain a toll road.

MR. [illegible]: [illegible] the [illegible] percentage of our traffic, because I do not think it includes anything coming out of Canada.

MR. SOLLIN: No, I am speaking of cars coming from the Pennsylvania Turnpike and using into Indiana, vehicles which have driven the entire 641 miles, without leaving to leave the Turnpike for any reason.

[illegible]

MR. SOLLIN: Yes. We get trucks which turn off the Turnpike to go to points in Michigan, but they would not be included in my percentages, because they did not travel the full 641 miles.

MR. [illegible]: Can you have a number of [illegible] out of state vehicles delivering in Ohio?

MR. SOLLIN: No. The motor carriers have

been mentioned. They do not vary 10 per cent. in their business. They have a terminal just off the Turnpike, on Route 21, southeast of Columbus.

No vehicle of theirs ever travels the full length of the road; they all drop off at that particular point, and go into the terminal, and they gas up, and if necessary, change tires, and then come back and get on to the Turnpike again.

That is large vehicles, which do not make any short trips.

MR. MAKEEVER: If a truck is going between Buffalo and Chicago, it would not be classified as a full-length trip, because it would enter our Turnpike at Cleveland.

MR. AULD: There is a contrast I see there, the difference between the vehicles entering the west end of the Turnpike, 35,000, as opposed to 155,000. Is that all due to U.S. Route 20?

MR. SOLLER: I would say over half of the vehicles come off the Pennsylvania Turnpike westbound and they have to come onto the Ohio Turnpike. They come on, and at the first interchange, which is Youngstown, over half of the vehicles drop off the Turnpike.

Mr. Makeever might explain where they go.

MR. MAKEEVER: I think the main answer is there

is considerably more traffic wanting to go from Ohio to the east, than from Ohio to the west; in other words, they drop off at the stations going through to the eastern markets.

MR. MacDONALD: I would like to go back to the question the Chairman raised a moment ago, when he said the percentage of truck traffic was increasing.

If I read this (indicating) correctly, I recognize the figures are inconclusive, because they are only for a few months, but looking at April, it indicates that there at least it is smaller than the average for the four months.

MR. SOLLER: December was the best month we had on trucks. March came within 200 trucks of the December figure, but we have not beaten the December figure yet.

THE CHAIRMAN: I would say these figures -- you could make no projection from them whatsoever during this period when there are negotiations between industry, as such, and these free roads.

There are many artificial factors influencing the use of a road.

MR. FALLER: There are many people willing to make the projection for us, so we do not have to.

MR. HARTSHORNE: Our trucks have varied by

about 6,000 trucks a month. I would say that is fairly steady.

Right now, you have the automobile industry in a bad situation, and we have quite a few automobile-hauling trucks going over the Turnpike, with material going to the automotive factories in Detroit and other places.

That has affected us a little bit, but, generally speaking, it is pretty steady. If that ever increased, it would not amount to anything like the order of 50 per cent. or more.

We have no way of knowing eventually what will be accomplished.

Now, if I might say just a word, off the record?

THE CHAIRMAN: Certainly, Mr. Hartshorne.

---Discussion re literature not reported by direction of the Chairman.

MR. HARTSHORNE: If there is anything further you gentlemen require after you get back home, we will be very glad to send it to you.

THE CHAIRMAN: If it meets with your approval, we might carry on until one o'clock, and that might complete our questioning for this morning, and your staff would not be tied up in the afternoon.

So, if there are further questions to be asked

for another half-hour, we might complete our entire session this morning.

MR. HARTFORD: I think that meets with our approval, with the possible exception of Mr. Makeever.

MR. MAKEEVER: I can only stay about fifteen minutes more, and then I will have to leave.

MR. HARTFORD: Have you any questions regarding traffic experiences it would be possible to raise now, while Mr. Makeever is here?

One o'clock seems satisfactory with that one possible exception.

MR. HARTSHORNE: We will have cars available to take everybody to the hotel.

MR. ROOT: I have one question. Do you have any bottlenecks?

MR. MAKEEVER: The only bottleneck we have had was due to the inability of the traffic engineers -- and I should not exclude myself in that -- in under-estimating one or two toll plazas, and over-estimating one or two. We have had bottlenecks with regard to facilities.

MR. HARTFORD: They have not been for any great length of time.

MR. MAKEEVER: Have you tried to go through a toll plaza?

MR. SOLLER: That generally applies to facilities.

We felt we should process 300 vehicles, and not exceed 500 vehicles, an hour, at the entrances, depending on the number of lanes at the interchange.

MR. HARTFORD: It is true we have exceeded that capacity.

MR. SOLLER: The bottlenecks of which Mr. Makeever spoke were created the first and second week when we first opened in October.

We had many curious drivers, who would get on at one interchange and go to the next, and then get off, and then go back on again.

Then, too, we had toll collectors who were inexperienced, and were rather slow, although willing to learn.

THE CHAIRMAN: You have toll facilities at your interchanges, and also the barriers?

MR. MAKEEVER: We have two barriers, one at each end of the state.

MR. HARTSHORNE: We have a barrier at the east end, because we go right to the Pennsylvania Turnpike. They do not get off the Turnpike. That is why we have a barrier there.

On the fifteen interchanges, people leave the Turnpike and turn off through an interchange, and there is a toll plaza off the Turnpike, so as not to

interfere with the traffic on the Turnpike. You collect between the time they leave the Turnpike, and the time they get on to the highway, and, conversely, you collect between the time they leave the highway and the time they get on to the Turnpike.

THE CHAIRMAN: We have a peculiar situation in Ontario which I might explain, so you will understand our line of questioning.

Our Department of Highways has commenced a four-lane controlled access highway extending to the Michigan border, and to the Quebec border, which is partially built, and it has an entrance every six miles.

If we started turning that into a toll road, and completed the parts now uncompleted, by any means, it would be impossible to put toll facilities at every point of entrance and exit, and we have been somewhat interested in considering a superior type of dual sections.

MR. HARTSHORNE: If you want to see this in operation, there are several in the eastern parts of the country. The Garden State Parkway is of that type.

MR. HARTFORD: I think Illinois is also planning that.

MR. AULD: How fast can you put people through a barrier?

MR. HARTFORD: It is the same as our plazas.

interfere with the traffic on the Thruway. My
million dollars when the time they have to spend, the
the time they get on to the Thruway, and, consequently,
you calculate between the time they leave the highway
and the time they get on to the Thruway.

THE CHAIRMAN: We have a question although
in Suffern which I might consider, so you will perhaps
round out the list of questions.

The Department of Highways has commissioned a
[illegible]
Michigan Parkway, and to the Ohio Turnpike, which is
particularly lovely, and it has an extensive area, six miles,
if we extended Route 17 back into a full area,
and connected the parks now connected, by any means,
it would be favorable to the well facilities and many
points of interest and so, and we have been encouraged
interested in constructing a parkway type of dual operation.

Mr. PETERSON: If you want to see how the
[illegible], there are several in the eastern area of
the country. The Garden State Parkway is a toll road.

Mr. DAVIDSON: I believe [illegible] is a toll
[illegible]

Mr. [illegible]: How fast can you get through
a barrier?

It is only a different type of toll collection.

MR. FALLER: I do not think they have tickets on the Garden State Parkway. It is just a flat fee.

MR. YAREMKO, Q.C.: Originally you had 40 miles?

MR. HARTSHORNE: Yes.

MR. YAREMKO,Q.C.: Was that tolled at the very beginning?

MR. HARTSHORNE: It goes from the Pennsylvania State line.

MR. ROOT: I notice you mentioned "patrol cars". Do you use a standard car on different sections?

MR. HARTFORD: Our patrol cars are painted green. They are standard cars. They have a power kit in them, and they are "souped up" a little, over the standard car that is available for the public, but they are not specially-built cars.

MR. AULD: We have in Ontario various colours with sirens, and that sort of thing.

MR. HARTFORD: Ordinarily the Highway Department's cars are black on the highways, and green on the toll roads.

THE CHAIRMAN: Do you have an interchange of police?

MR. HARTFORD: It is the State Highway Patrol operating under contract with the Commission.

THE CHAIRMAN: Do you control them in their

operations on the Turnpike, in contrast to their operations on the state roads?

MR. REAUME: Are they not under the head man of the State Patrol?

MRS. WILKINS: Yes.

MR. REAUME: There is one man in control of the whole organization?

MRS. WILKINS: They formed a new district of the State Highway Patrol, which is the Turnpike Division.

MR. REAUME: With one man at the head?

MRS. WILKINS: Yes. They carry out the Commission's policy.

MR. REAUME: I notice in the papers you had so many million miles without a fatal accident. How many millions was that?

MR. HARTFORD: I think Mr. Casto can answer that question.

MR. CASTO: 105 million miles without a fatal accident.

MR. REAUME: Is that something to be proud of? Is that a good record?

MR. SOLLER: Yes. Someone could perhaps correct me, but I think on the state highways, the rate of fatalities is about six per 100 million miles.

MR. HARTFORD: I think it is around seven per

100 million miles.

MR. MAKEEVER: I cannot answer that.

MRS. WILKINS: I think perhaps Mr. Faller can answer that question.

MR. AULD: I think we should have both. For instance, if a car is hit by a bus, the fatality rate goes right up.

MR. WILLISON: The Ohio fatality rate was 9.2 in 1954, the last date for which we have records.

MR. REAUME: What is the state rate?

MR. WILLISON: The turnpike rate or all the state highways?

MR. AULD: What is the accident rate?

MR. WILLISON: For the last quarter of last year, it was 2.51 for the three months in which our Turnpike was operating. The rate for the entire nation is 6.4. I am not sure what that includes. The National Safety Council compiles that, and they get different types of reports from different states, and you cannot say that it applies entirely. It depends on how the state makes its report.

The latest figure we have for the entire nation was 6.4 fatalities per 100 million vehicle miles.

MR. REAUME: Have you the accident rate?

MR. WILLISON: Yes. The rate of the occurrence

of accidents was 187.55 per 100 million vehicle miles.

This compares with a rate of 277.4 for the state highways of Ohio for 1954.

Really, our record is better than that, because accidents on the Turnpike include all property damage, regardless of the amount, whereas the report of 1954 did not include property damage under $100.00.

MR. HARTSHORNE: We are preparing to get out some information at the end of this month about our safety experience with trucks. So far, the record of accidents of all sorts, involving trucks, since October 1st, have amounted to .3 accidents per 100,000 miles. That is one accident for every 300,000 truck miles.

I understand from the Interstate Commerce Commission that they consider a record of 3 accidents per 100,000 miles to be a very good record, so our .3 after eight months, through the winter season, we consider is a very good indication of what industries and others can expect in the way of improved safety by using a highway such as this Turnpike.

That is particularly true with regard to the trucking industry, because accidents mean increased costs to them, and improved safety records can mean a saving in the form of lesser premiums for insurance.

of accidents was 1.75 per 100 motor vehicles miles.

This compares with a rate of 2.4 for the state highways of Ohio for 1949.

Briefly, our record is better than most, regardless of the Turnpike includes all necessary design, regardless of the amount. Whereas the amount of time [illegible]

III. Maintenance: We are constantly in [illegible] some information at the end of this report [illegible] safety conference with [illegible]. So far, our record of accidents of all sorts, involving trucks, [illegible] October 1 last, have amounted to .3 accidents per 100,000 miles. That is one accident for every 300 [illegible] miles.

I understand from the literature in [illegible] Commission that they consider a rate of 1 accident per 100,000 miles to be a very good record, so our .3 after eight months, looks to me better [illegible]. We consider we [illegible] collaboration of our [illegible] and citizens can assist in the way of [illegible] motor by [illegible] a highway such as their own [illegible].

[illegible] is satisfactory [illegible] to the [illegible] easier to clean, and improved safety [illegible] can make a saving in the form of larger [illegible] for [illegible].

MR. ROOT: Another question with regard to safety: I notice your lanes are divided. Do you find your accident rate higher or lower where the lanes are separated?

MR. HARTFORD: We have no figures on that at the moment.

MR. HARTSHORNE: I have not heard anything to the contrary. We have no unusual accident frequency in those areas.

The shoulders are a fine safety adjunct. You have not only the 24-foot pavement, but 18-foot shoulders, so you have an area in which to maneuver if you get into difficulties.

MR. ROOT: I was thinking of the glare from oncoming vehicles.

MR. HARTSHORNE: The wide median does not allow much glare.

Of course, during the winter, we had people getting stuck in the soft ground of the median, but in most cases the vehicles were not damaged at all, and there was no property damage involved.

The traffic did not cut across to the other side.

MR. SANDERCOCK: Have you noticed industries wanting to locate along your Turnpike?

MR. HARTSHORNE: We are sure that will develop. It has already, to a degree, and it is an indication to us that it will develop considerably more as time goes on.

General Motors is locating an $85 million assembly plant on the Turnpike, near several interchanges and Chrysler is doing the same thing only a little off the Turnpike, but, nevertheless, with the announced purpose of taking advantage of improved transportation.

We have had other instances of that sort, although those are the major ones, but we think that five years from now there will be considerable evidence showing that the Turnpike is responsible for a great deal of development.

The Committees of the Chambers of Commerce in the cities along the Turnpike -- in the large cities -- are proving very active in promoting the location of such industries on the Turnpike.

MR. COLLINS (Secretary): May I ask a question about intersecting roads?

MR. HARTFORD: Yes, certainly.

MR. COLLINS (Secretary): We have experienced considerable difficulty about building controlled-access roads, and then people along the route requesting access, which, to an extent, destroys the purpose of the controlled-access highways.

MR. MAKEEVER: We have exactly the same problem on the free highways in Ohio.

We have not had any particular pressure -- perhaps I should not say that, because there has been very slight pressure -- for some additional interchanges, and I believe that U.S. 5, right across the State of Ohio, had two hundred and some.

We did put separations there at practically every road crossing.

MR. FALLER: And we combined several of them into one.

MR. COLLINS (Secretary): Have you any controlled-access free roads here?

MR. MAKEEVER: Yes, we have a very good measure of control. I will turn that over to Mr. Hartford, who has had more to do with it than anybody else.

MR. HARTFORD: We have a high number of miles of controlled-access, and quite a few miles of partially controlled-access highways, and the access was frozen to that which existed at the time the facility was built.

To answer the previous question; in those cases where the state freezes the highway, there was considerable pressure brought to bear on the Highway Department, to permit additional points of access on

this facility.

I cannot speak with authority for the last few years, but prior to that time I was intimately familiar with the problem and I can assure you that there was all manner of pressure brought to bear to open up the facility.

However, it was realized that it would destroy these controlled or limited-access features, and basically those applications were denied.

In some instances -- and I am thinking of a major manufacturing plant -- they wished to locate where it was served from a new intersecting road rather than provide a point of access.

MR. AULD: You mean a service road?

MR. HARTFORD: In that instance, they were provided with a road which intersected ours at right-angles and served the plant, on the side.

MR. YAREMKO, Q.C.: Mr. Makeever, is there much commuter traffic on the thruway, that is, people using it to go back and forth to work?

MR. MAKEEVER: I think that the traffic is surprisingly large, much more so than what the engineers predicted, and I think it will continue to grow.

MR. AULD: Have you found any suburban residential development growing up close to the interchanges?

MR. MAKEEVER: I do not know of any suburban development, except possibly in the city of Elyria, and I am not positive that it would not have happened if we had not blossomed out with interchanges.

MR. HARTFORD: There has been a good deal of industrial development.

MR. REAUME: Has there been?

MR. HARTFORD: Yes.

MR. HARTSHORNE: Mr. Robarts might be interested in the case of an interchange about which Mr. Faller can tell you. How much did it cost to build one interchange?

MR. FALLER: The average interchange is worth about $1 million.

THE CHAIRMAN: How much do your service centres cost?

MR. FALLER: About the same.

MR. MAKEEVER: We have one building which cost approximately $1 million, and the sewage and water plant for the dual services cost approximately $250,000 to service the building. That does not include the grading nor paving.

MR. FALLER: By "dual", he means one facility for both services.

THE CHAIRMAN: Have you several companies

represented at your service centres, or are they confined to one or two?

MRS. WILKINS: The contract was awarded by competitive bidding.

MR. HARTFORD: We have only one at each station.

MRS. WILKINS: It was provided that no oil companies could operate adjacent to a station. We have several oil companies along the Turnpike, but only one company at a station.

THE CHAIRMAN: We have been told that in some sections, in regard to engine oil, you could only fuel up your engine by putting B.A. oil in a crankcase, which had Sun Oil in it. Have you had any complaints about that?

MR. HARTFORD: We have not anything like that.

MR. SOLLER: It is a question of good salesmanship.

MR. HARTSHORNE: I think it is perhaps the practice for the drivers who need fuel to go into the first station they come to, and buy the fuel, regardless of what brand it happens to be.

THE CHAIRMAN: I am a brand man, myself, and on the average road, it is only a short distance to any of them.

MR. MACKENZIE: You have a great many roads north

and south.

MR. HARTFORD: They were not shut off.

MR. MACKENZIE: They were all kept open? That is, for the whole distance from east to west?

MR. HARTFORD: During construction, you mean?

MR. MACKENZIE: No, when the road was first opened?

MR. HARTFORD: All but five.

MR. MACKENZIE: You have openings every five or ten miles.

MR. HARTFORD: We will average pretty close to a crossing per mile.

MR. ROOT: I understand you have the gas station and the restaurant in the same building?

MR. HARTFORD: Yes.

MR. ROOT: Is that a good thing?

MR. HARTFORD: You mean as regards conflict of interest?

MR. ROOT: No, from odours, and so on.

MR. HARTFORD: There is a considerable distance between the gas pumps and the restaurant. The restaurants are all air-conditioned.

MR. ROOT: We had a representation that they should be separated.

THE CHAIRMAN: I asked the oil companies if

they would care to make comments on it, considering the construction of this type of facility. We opened the door, and they walked right in, and we had some very interesting briefs from them, apparently partisan, which was to be expected.

MR. HARTFORD: We had one problem where a farmer built a pig pen right alongside of us.

MR. AULD: I think they were in the position of not bidding for the restaurant. They wanted to be in the oil business.

MR. REAUME: I think in their brief, they said that in their opinions, gasoline and food should be separated.

THE CHAIRMAN: They did not want to get into the restaurant business.

MR. MacDONALD: People stopped for only one reason; they wanted the gas, or the restaurant facilities, but not both.

---Whereupon Mr. Makeever retired.

MR. FALLER: The acceleration and deceleration lanes, and the lighting and grading of an area, would get pretty expensive if you started separating the gasoline stations, areawise from the restaurants.

Also, the more you do that, the more marginal

friction you will have, and the more points of merging traffic the greater the accident potential. The more you can confine them off of the highway, even though you have the elaborate acceleration and deceleration lanes, the less you will increase the friction. If you can concentrate these in one area, it is better.

THE CHAIRMAN: Most people want to make but one stop.

MR. FALLER: If they stop, they can have food and gasoline, one or the other, or both. Because they are there, they do not have to use all the facilities.

MR. HARTSHORNE: In the operation prior to this one, there was an arrangement for the concessionaires to build a building, but when we designed it, we found they did not want to build the building; they did not want to make that investment.

So the Commission built the buildings. They were not obliged to do so, as it was not provided for in the bond issue, but we earned more money on our construction, and, as a result of getting much higher bids for the concessions, our concession revenues were running almost 20 per cent. of the toll revenues, whereas it had been estimated in the traffic report of 1951 or 1952, that our revenues would be only 7 per cent. of the toll revenues, but that contemplated the building

being done by the concessionaires.

Then the Commission also adopted a policy of having competition in both restaurant and service-station concessions, feeling thereby that the travellers might stand to possibly benefit by improved service, and organization, rather than giving a monopoly to one restaurant company and one petroleum company.

That policy went so far, regarding gasoline stations, as to provide that at consecutive locations on the Turnpike, there should not be the same operating petroleum company, that is, two consecutive stations on the same side of the Turnpike.

This resolution was not enforced, because they told us their supply problem would be complicated if they were scattered out along the Turnpike.

As a result, we have three different restaurant operators and five different petroleum companies on the Turnpike.

MR. ROOT: Have you any control over the price of the meals, and of the petroleum products?

MR. HARTSHORNE: It is provided that the prices shall be no higher than in adjacent situations. Our concessionaires cannot charge any more than is charged in the area. And for oil and repairs, they are quoted in the same way.

The result was that, on the advice of our restaurant consultants, the Commission set up certain items which must be included in each menu, a certain number of breakfasts, luncheons, dinners, beverages, sandwiches, deserts, in a just and reasonable way, must be offered on each menu, and the selling price of each one is set, and the contents, as regards items on the menu for a meal, is specified as to the minimum quality, which is set up in the contract, minimum portions, that is, the minimum portions, the minimum quality and the maximum price.

Beyond that, the concessionaires can offer you pheasants under glass at $10.00 a plate, if they want to, but for breakfast, lunch and dinner, they must offer a certain number of these items on each menu.

THE CHAIRMAN: Are there any more questions any member of the Committee would care to ask?

MR. ROOT: Was the bond issue sufficient to build the road?

MR. SOLLER: We have not borrowed any more money. The original bond issue has built the road.

MR. YAREMKO, Q.C.: One last question: has there been any strong sentiment that a toll road should not have been built in the State of Ohio?

MR. HARTFORD: I would say the converse is true.

MR. SOLLER: It is just the contrary.

MRS. WILKINS: I agree. There is a strong sentiment for it, and a strong sentiment for additional roads.

MR. HARTFORD: They have had problems during construction, but the people have now definitely reversed themselves, and have accepted the toll roads. But during our construction period, there were certain opponents.

MR. SOLLER: Did you mention Elyria?

MR. HARTFORD: Not specifically.

MR. SOLLER: Here was a community, a substantial city, which resented the Turnpike coming through, and raised all kinds of legal obstacles when this happened, but the Mayor of that city has now told the Chairman they were wrong, and they now like the Turnpike, and everybody is happy.

MR. REAUME: What city is that?

MR. HARTSHORNE: Elyria, Ohio.

MR. SOLLER: That might be worth a few words from Mr. Hartford.

MR. HARTFORD: We had violent opposition in Elyria. In fact, they were successful in delaying the construction of the Turnpike for a few months.

It crosses through the northern part of the

town, and they claimed it would be a barrier to their normal expansion to the north, which was contrary to the master plan they had developed --

MR. REAUME: Everything was wrong?

MR. HARTFORD: There was not a thing right with it.

Now the city has completely reversed its position, and claimed -- I saw one statement which had been made, that the Turnpike was the biggest boon to the town, since the coming of the railroad.

MR. REAUME: I imagine you find the same thing in other places, too?

MR. HARTFORD: I suggest you talk to Mr. Grant Keyes, the Mayor of Elyria, and hear what he has to say about it now.

MR. HARTSHORNE: It is a city with about 30,000 population.

MR. REAUME: That is the happiest thing I have heard in a long time.

MR. HARTFORD: Mr. Keyes was the spearhead of the opposition. He was not the Mayor when it was started, but I think he will say a good word for us now.

MR. CASTO: I think Maumee was a little different proposition.

MR. HARTFORD: I would say it was more of a

personal problem. I would not call it a "community problem".

MR. HARTSHORNE: Some of the people thought that with the Turnpike there would be noise and dirt, and we have been interested to observe in the neighbourhood of towns and cities, that they are now building new houses right up against the Turnpike fence.

In the town of Elyria, they have a new street called "Turnpike Boulevard" which is lined with new houses.

So people do not find the Turnpike noisy and smelly.

THE CHAIRMAN: How wide is your right-of-way? Is it uniform for the whole length?

MR. HARTFORD: No. We have a minimum of 200 feet, and that is to allow a percentage of changes of width across the state.

We took the right-of-way in accordance with construction needs. I think the widest would be around 2500 feet.

THE CHAIRMAN: Getting near to a half-mile width?

MR. HARTFORD: Yes. That was a large fill, which required special treatment as to the slopes. That occurred only at the one point.

I think the average width runs pretty close to 285 feet.

MR. HARTSHORNE: There is one thing about rights-of-way which may be of interest to you. When you have a bond issue, you have to provide for paying the interest during construction, and the $326 million included $40 million to pay interest during construction.

For that and other reasons, you do not want any undue delays in constructing a road, but you have to have the right-of-way before you can construct, and it was necessary for the highway, and it delayed the selling of the bonds for three years, and it was necessary to call a special session of the General Assembly of Ohio to amend the Turnpike Act, so that the processes of acquiring the rights-of-way might be speeded up.

The way the Act was drawn -- and Mr. Hartford and Mr. Westervelt can verify this -- that one provision held up the Turnpike for a long time and you could not sell bonds because of that provision.

MR. COLLINS (Secretary): Did you have any trouble getting contractors to do the job?

MR. HARTFORD: No; we had good competition.

MR. SANDERCOCK: How much time elapsed between the time the Turnpike was started, and when it was

completed?

MR. HARTFORD: We had one section under construction, but it was stopped. We thought it was prudent to stop it, and pick it up again the next spring.

The actual construction started on C-1 in 1952.

MR. SOLLER: I do not think the contract was awarded until January, 1953.

MR. HARTFORD: It was pretty close to 1953.

MR. HARTSHORNE: Construction began in October, 1952.

MR. FALLER: Are you interested in knowing how much money we had available when the construction was commenced?

MR. SANDERCOCK: No; I was interested in learning how long it took you to build the road.

MR. FALLER: I thought perhaps a general statement of how much it would take to build the road might be interesting.

MR. HARTSHORNE: We sold the bonds in October, 1952, and opened the Turnpike in October, 1955. It was actually a little over 38 months.

MR. FALLER: That depends on how you let your contracts. I would say that if the money is available, and the design is available, in about six months you can

let the contracts.

You would get competitive bids, and if they are both good, you would establish the successful bidder, and the unsuccessful bidders would then be given a chance to bid again, and that stretches it out.

I would say six months for the designing, and perhaps two and one-half years for construction, to build the average road. That sounds like about three years.

MR. YAREMKO, Q.C.: If that road had been contemplated to have been built as a freeway, how long would it have taken?

MR. HARTFORD: I would have to guess wildly, but I would say twenty years.

MR. FALLER: The Director of Highways in Pennsylvania, and also in Ohio, in each instance made a study. The Commission had no money, and the Directors of Highways made the study, and in each instance, when the civil engineer's report and the traffic report came in, they could then determine the financial feasibility, and if it was not feasible in each instance, they decided they would have to build it as a free-road programme over a period of years, but the reports would not be wasted, because it was a necessary facility, and even if it was not financially feasible,

they would have a programme under which they could work year by year, and try to accomplish the same thing over a period of years.

I think Mr. Hartford gave you a rough estimate when he said "twenty years", because by that time, it would be obsolete in all probability.

THE CHAIRMAN: This Federal aid is a tremendous factor in toll roads, as such, in the United States? You could not plan a dual road until the Federal aid questions were settled?

MR. FALLER: The Director of Highways feels a little differently about that.

MR. HARTFORD: I think we can say it is a controversial problem at the moment.

THE CHAIRMAN: For your information, we receive no Federal aid whatsoever.

MR. AULD: Except on the Trans-Canada.

MR. FALLER: Under the Fallon Bill, there would be about $13½ billion spread over fourteen years, which would mean roughly $100 million a year, and if this project No. 2 were to cost $400 million, they would not have any Federal money to spend on any other system of highways for four years.

MR. HARTSHORNE: There are about 16,000 miles of roads in the highway system in Ohio.

THE CHAIRMAN: You have a state programme which would continue under this Federal aid agreement?

MR. HARTFORD: Yes, but it has been determined to be insufficient, and that was the purpose of this $500-million bond issue.

MR. REAUME: Just so I may get it straight in my mind; is it a fact that from every gallon of gasoline sold in the state, a certain amount is given to the Federal people, who, in turn, give it back to you again?

MR. AULD: The same thing is done --

MR. REAUME: No, this is in the form of a sales tax, is it not, sir?

MR. AULD: Ours is 1.7 on a gallon. That is on an Imperial gallon.

MR. YAREMKO, Q.C.: Is there any Federal sales tax on automotive equipment?

MR. SOLLER: Yes, there is a Federal tax on sales. I do not know just what it is.

MR. ROOT: There is one question before we rise. You said a farmer had built a piggery on the highway? Is there anything in the Act to control what may be erected?

MR. HARTFORD: I will refer you to our General Counsel on that.

MRS. WILKINS: I think under that Act, there is an

application for an injunction pending.

This farmer happened to be the one from whom we acquired the right-of-way, and also the site for the service station, and subsequently to the erection of the service station, he erected all of these pig pens.

Prior to the time we acquired the land from him, and during the process of negotiating, he stated if we took the land, he would erect a fertilizer plant close by.

MR. REAUME: He must have been a "pip".

MR. HARTFORD: He had been caught in a squeeze.

THE CHAIRMAN: We expropriate the whole farm, and we take what we need, and the balance we sell off by auction.

MRS. WILKINS: We cannot do that. At the last session of the Legislature there was an Act brought in to permit the Highway Department to acquire property in that way, but the Turnpike Commission cannot do that.

MR. AULD: Has the Commission given any consideration to a toll facility which would be partially built out of state or federal funds, and the toll thereby reduced?

In other words, going back to what we have discussed at home, where we will say it will cost $500,000 a mile to build a controlled-access four-laned road instead of a provincial highway with perhaps

steeper grades and so on, our provincial government would pay a portion of that $500,000. The road might cost a million dollars a mile, and the adjustment would only be made proportionately.

MR. REAUME: You mean the government grant would be too big?

MR. AULD: It would, in effect, spread out the money which was available, so it could be used both for a straight highway --

MRS. WILKINS: We have nothing here like that, to my knowledge.

MR. HARTFORD: That was answered on this No. 2 project, by proposing that a portion of the Turnpike be built as a freeway, under the State Highway Department, that is, the portion which would produce the lowest gross revenue per mile, in which event that whole facility would be in part a free road, and in part a toll road.

MR. AULD: Something like the Garden State Parkway?

MR. HARTFORD: Yes, but to a much greater extent.

MR. COLLINS (Secretary): The idea was that in place of spending $1 million a mile from revenue you construct a toll facility which would release the money to build a lot of good roads, and take the pressure off of the existing state roads.

MR. HARTFORD: That has been the problem in Ohio.

In the past we had a problem of serving the land owners, and now it is a problem of serving the traffic. Predominantly, it is the traffic which meets the need now, rather than the land which is actually being served. No such facility is necessary to serve an abutting line.

Since the tax in Ohio is imposed on the user, that is, the tax on gasoline and the tax on licenses, the land owner has no obligation to finance these roads. In years gone by, they were assessed in Ohio for the cost of the roads. The land which was served was assessed for the costs.

MR. COLLINS (Secretary): Was that true at the county level?

MR. HARTFORD: These days I do not think it is followed.

MR. AULD: The Federal people and the State people pay for the county roads?

MR. SANDERCOCK: On account of the toll roads, could these other roads be built to a better standard?

MR. HARTFORD: That could be the logical result, yes.

MR. ROOT: Was any thought ever given to building a different types of roads, and keeping the trucks off of them?

MR. FALLER: I would not like to answer "Yes"

or "No" to that.

The Garden State Parkway is designed as a parkway, and they call it a parkway, because trucks are not permitted on it.

MR. ROOT: They call it a "toll road".

MR. COLLINS (Secretary): Have you any separate toll facilities in the way of toll bridges?

MR. HARTFORD: Yes, there is the Ohio Bridge Commission, which operates a number of bridges in the state of Ohio. Most of them are crossing the Ohio River. And as soon as the cost of those bridges is recovered from tolls, they become free bridges.

I have not the particulars of their affairs recently, so I do not know how many they have left.

MR. COLLINS (Secretary): Is there anything to provide they shall ultimately be free bridges?

MR. HARTFORD: Most of the bridges were privately owned. Actually, the purpose of the Bridge Commission was to acquire these bridges, and amortize the debt, making them free bridges, which they have been doing for a number of years now, and have been quite successful.

As the bridges become debt free, they become free bridges.

MR. AULD: The maintenance cost is paid by the state?

MR. HARTFORD: It is an obligation of the Department of Highways.

THE CHAIRMAN: Shall we adjourn to the hotel now for luncheon?

MR. HARTFORD: I think that will be a good idea.

- - - - -

---Whereupon at 1:05 o'clock, p.m., the further proceedings of this Committee adjourned, to reconvene at luncheon in Suite 212, of the Deschler-Hilton Hotel, Columbus, Ohio, at 1:15 o'clock, p.m.

- - - - - -

P R O C E E D I N G S

at the

LUNCHEON TENDERED BY THE SELECT COMMITTEE, TO THE HIGHWAY OFFICIALS OF THE STATE OF OHIO.

Mr. J. P. Robarts, Q.C., Toastmaster, Presiding.

- - - - -

PRESENT:

Messrs. Sandercock,

Root,

Auld,

Yaremko, Q.C.,

Mackenzie,

Reaume,

MacDonald,

Mr. D. J. Collins, (Secretary).

APPEARANCES:

Mr. W. Q. Macnee,	Traffic Engineer, Ontario Department of Highways.

(Ohio Turnpike Commission)

Mr. C. W. Hartford,	Acting Executive Director.
Mrs. Ruth Lloyd Wilkins,	General Counsel.
Mr. John Soller,	Comptroller.
Mr. C. E. Westervelt,Jr.	Assistant to the Executive Director.

Mr. C. H. Makeever,	Assistant Chief Engineer.
Mr. James D. Hartshorne,	Director of Information and Research.
Mr. James D. Casto,	Assistant to the Director of Information and Research.
Mr. T. Blair Willison,	Assistant to the Director of Information and Research.

- - - - -

Mr. V. A. Faller,	J. E. Greiner Company, Consulting Engineers.

- - - - -

L U N C H E O N

THE TOASTMASTER: Ladies and gentlemen, may I have the floor for a moment?

We will dispense with all formality, but I would like to express the appreciation of all members of the Committee here to Mrs. Wilkins, Mr. Hartford, Mr. Hartshorne, and the other gentlemen who assisted us this morning, and I can assure you that we are all very appreciative.

In Ontario, in our studies, we have visited quite a few American jurisdictions, and I am continually amazed, pleased and delighted at the reception we receive wherever we go, and it seems to me that this does its bit to promote international relations, which is a good thing to do today.

Mr. Hartford tells me that when we are in Cleveland, we will be within ten minutes of the Administration Building. That is the operational-control building of the Turnpike, and he has suggested that some of us might like to go there during the two-hour waiting period we will have at the airport, and personally I think that is a very sound idea.

So, Mr. Hartford, we will be pleased to accept your kind invitation.

MR. HARTFORD: We would be pleased to have you.

We certainly appreciate the opportunity of offering what aid we can to you people, and if we can be of any further assistance, do not hesitate to call on us.

We have a great deal of background information, and I hope it will serve some purpose in your consideration of your problems.

THE TOASTMASTER: Thank you, Mr. Hartford. That is very good of you.

We will not keep you any longer.

- - - - -

---Whereupon, at 2:30 o'clock p.m., the further proceedings of this Committee adjourned until Thursday, May 24th, 1956, at 10:00 o'clock a.m.

- - - - --

APPENDIX "A"

OHIO TURNPIKE COMMISSION

MONTHLY TOLL TRAFFIC REPORT AND STATEMENT OF OPERATIONS

APRIL 1956

	April	Four Months 1956
Number of Vehicles		
Passenger Cars	618,726	1,929,705
Trucks	107,162	438,455
Total	725,888	2,368,160
Percentage of Vehicles		
Passenger Cars	85.2	81.5
Trucks	14.8	18.5
Number of Miles		
Passenger Cars	46,143,855	138,275,493
Trucks	6,571,039	27,210,120
Total	52,714,894	165,485,613
Percentage of Miles		
Passenger Cars	87.5	83.6
Trucks	12.5	16.4
Revenue		
Passenger Cars	$592,441.41	$1,777,831.11
Trucks	271,549.75	1,130,503.75
Total	$863,991.16	$2,908,334.86
Percentage of Revenue		
Passenger Cars	68.6	61.1
Trucks	31.4	38.9
Miles Per Trip		
Passenger Cars	74.6	71.7
Trucks	61.3	62.1
Total	72.6	69.9
Revenue Per Trip		
Passenger Cars	$ .96	$ .92
Trucks	2.53	2.58
Total	$1.19	$1.23
Revenue Per Mile		
Passenger Cars	.0128	.0129
Trucks	.0413	.0415
Total	.0164	.0176

(continued)

STATEMENT OF OPERATIONS

	April	Four Months 1956
Income		
Tolls	$ 863,991.16	$2,908,334.86
Concessions-Service Stations	111,625.85	344,507.97
Concessions-Restaurants	66,445.47	200,856.72
Other	4,424.77	10,367.26
Total Income	$1,046,487.25	$3,464.066.81
Operating Expenses	295,087.95	1,286.098.09
Income before debt service	$ 751,399.30	$2,177,968.72

5-19-56

DETAIL BY CLASS OF VEHICLE - APRIL, 1956

Class	Vehicles	%	Revenue	%	Miles	%
1	618,726	85.24	$592,441.41	68.57	46,143,855	87.53
2	14,706	2.03	26,631.10	3.08	1,346,997	2.56
3	18,996	2.62	36,845.45	4.26	1,236,701	2.35
4	17,068	2.35	38,184.70	4.42	1,125,578	2.14
5	14,633	2.01	38,326.60	4.44	813,569	1.54
6	27,922	3.85	82,727.80	9.58	1,394,109	2.64
7	12,199	1.68	41,411.80	4.79	571,044	1.08
8	1,547	.21	6,858.35	.79	78,426	.15
9	91	.01	563.95	.07	4,615	.01
Total	725,888	100.00	$863,991.16	100.00	52,714,894	100.00

ACTIVITY BY INTERCHANGES - APRIL, 1956

Interchange	Entering Vehicles	Exiting Vehicles	Total Vehicles	Total Vehicles 4 Months 1956
1	34,766	40,846	75,612	227,452
2	11,215	10,144	21,359	68,728
3	8,475	8,514	16,989	53,813
4	50,172	45,720	95,892	299,337
5	42,388	50,008	92,396	307,590
6	18,636	19,489	38,125	126,312
7	32,813	32,979	65,792	217,802
8	31,410	31,342	62,752	207,904
9	42,810	39,677	82,487	275,344
10	46,720	47,347	94,067	306,996
11	44,309	51,391	95,700	316,259
12	50,057	52,201	102,258	299,725
13	35,356	34,690	70,046	237,640
14	27,858	27,689	55,547	177,984
15	30,165	30,205	60,370	199,811
16	63,443	60,209	123,652	437,635
17	155,295	143,437	298,732	975,988

APPENDIX "B"

OHIO TURNPIKE COMMISSION
139 East Gay Street
Columbus, Ohio

OHIO TURNPIKE TOLL MACHINERY RATES VEHICLES BY WEIGHT

Complex toll machinery with electronic "brain", "eyes" and "memory" weighs all vehicles entering the Ohio Turnpike, and classified them according to weight for purposes of determining toll charges.

Tolls are based on gross weight and distance traveled. Thus empty trucks usually travel over the Ohio Turnpike at lower rates than loaded ones, and trucks carrying light materials usually are charged less than those carrying heavy loads.

Vehicles fall within one of nine classifications, according to gross weight, as follows:

Class 1	-	0 - 7,000 pounds
Class 2	-	7,001 - 15,000 pounds
Class 3	-	15,001 - 23,000 pounds
Class 4	-	23,001 - 32,000 pounds
Class 5	-	32,001 - 42,000 pounds
Class 6	-	42,001 - 53,000 pounds
Class 7	-	53,001 - 65,000 pounds
Class 8	-	65,001 - 78,000 pounds
Class 9	-	78,001 - 90,000 pounds

The weight-classification system permits vehicles to pass through the toll gates without delay.

Upon approaching the toll booth, each vehicle passes over a scale which weighs each axle in turn while the vehicle is in motion. At about the same instant the machine's electric-beam "eyes" pick out the number of axles belonging to that vehicle. The toll attendant makes a visual count of axles and pushes a key with a corresponding number. The machine combines the axle weights and punches a toll ticket to show the classification, along with time of entry, toll collector's number and other data needed later for audit purposes.

If the toll attendant makes an error in the axle count, the machine flashes the correct axle grouping on a screen and refuses to release the ticket until a correction is made. If the weight of an axle exceeds 21,000 pounds, the machine indicates which axle is overweight. In such case the load on the truck might be shifted so as to stay within axle weight limitations. No vehicle of more than 90,000 pounds gross weight is admitted to the turnpike. This exclusion is for the protection of turnpike pavements and bridges.

The ticket, which is handed to the patron by the attendant, indicates the classification for the vehicle and the toll rates for that class to all the turnpike exits. At the exit booth, an attendant collects the toll indicated for the distance of the trip and

retains the toll ticket for accounting purposes.

The toll equipment at the exit "reads" the number of axles and the time punched by the entrance recorder, thus enabling the toll collector to note any fraudulent use of toll tickets. Receipts are given patrons upon request.

Although the toll collection machinery has a heart of steel, the toll attendant who operates it has a hearty smile and friendly word for patrons. The toll collectors on the Ohio Turnpike have earned an enviable reputation for courtesy and helpfulness to turnpike patrons.

If a patron loses his ticket, the toll collector will have no evidence of the length of that trip and must then charge as though the driver had entered the turnpike at the most distant toll plaza. In this case, he writes down the patron's name, address and license number on a substitute card, which he retains. If the patron later locates his ticket, he can submit it to the Ohio Turnpike Commission and receive any refund due him.

Special toll tickets are supplied to commercial users having turnpike charge accounts. On the back of all cards supplied to automobile patrons entering through the newly opened toll plazas is a map of the Ohio Turnpike showing interchanges, service plazas and connecting

state highways.

The toll equipment is rented by the Turnpike Commission from International Business Machines Corporation of New York. The cost for rental and maintenance of the toll collection equipment and the central office auditing machinery will amount to approximately $32,430 a month.

The Commission has a staff of 180 toll collectors to man the booths at the 15 interchanges and two terminals. Toll collectors are given a week's training in operation of the machinery as well as in other phases of their jobs.

- - - - -

ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XVIII

Thursday, May 24th, 1956.

COLUMBUS, OHIO.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

- - - -

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - - -

I N D E X

EIGHTEENTH DAY, MAY 24TH, 1956

Bradley, C. K. 1605
1632
1638
1644
1662
1667
1679
1682

Robarts, J. P., Q.C. 1606
1623
1625
1627

Thormyer, G. J.. 1609
1625
1630
1638
1640
1649

Heier, J. J. 1625
1628
1638

Emmons, C. L. 1643

Leavens, C. R. 1644
1652
1663
1668
1680
1683

- - - -

Appendix "A" 1685

Appendix "B" 1704

Appendix "C" 1765

- - - - -

E I G H T E E N T H D A Y

Columbus, Ohio,
Thursday, May 24th, 1956,
10:00 o'clock, a.m.

- - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

PRESENT:

Messrs. Sandercock,

Yaremko, Q.C.,

Mackenzie,

Auld,

Root,

Reaume,

MacDonald,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee,	Traffic Engineer, Ontario Department of Highways.
Mr. Charles K. Bradley,	Acting Executive Secretary and Deputy Director, Division of Administration.
Mr. John J. Heier,	Deputy Director, Division of Planning and Programing.

Mr. George J. Thormyer,	Turnpike Liaison Engineer.
Mr. C. R. Leavens,	Administrative Assistant.
Mr. C. L. Emmons,	Highway Auditor, State of Ohio.

- - - -

MR. BRADLEY: Gentlemen, we are mighty glad to greet such a large delegation from Canada. I hope we have something which will do you some good. I can assure you that you are welcome to anything we have in the Department.

I recognize the difficulty we are going to have in addressing you gentlemen by your proper names -- all twelve of you -- at any one time, and you will probably have the same trouble with us, but as we go further along, we will get a little better acquainted, and can remember some of the names at least.

I do not know just what it is in which you are interested.

THE CHAIRMAN: Would you like me to explain that in the first place, Mr. Bradley?

MR. BRADLEY: I might do that first, on behalf of those of us who are here.

First is Mr. George J. Thormyer.

May I digress and say that the Director of Highways is ex-officio a member of the Turnpike Commission.

We have nothing to do with building the Turnpike as a department, except for the access roads beyond the rights-of-way of the Turnpike, and because of the importance of proper access, we have had a liaison man all these years with the Turnpike. That gentleman is Mr. Thormyer.

Mr. Emmons is the Highway Auditor.

Mr. Leavens is the Administrative Assistant.

Mr. Heier is the Deputy Director, Division of Planning and Programming.

I am the Deputy Director and Acting Executive Secretary, of the Division of Administration.

That takes in the group who are here.

We have two more Deputy Directors in our organization, a Deputy Director of Designing and Construction, and a Deputy Director of Operations, Designing and Construction. May I explain this? "Operations" include maintenance, traffic safety and what you might call our "Motor Vehicle Department", the specifications department, and before you leave, if any of you are interested, I will be glad to give you an organizational chart showing how this department is set up.

I will now turn the floor over to you, Mr. Robarts.

THE CHAIRMAN: We are what we in Ontario call a "Select Committee", appointed by the Legislature. We have, on this Committee, representatives of the three

political parties represented in our Legislature.

We were constituted in 1955, for the purpose of studying the whole problem of toll roads, and how it might apply in our province.

We brought in a report in February of this year, in which, in essence, we approved the principle of toll roads as a means of financing highway construction, and we are now endeavouring to find out where that principle might be applied within the province.

That is why we were very interested in meeting with your Toll Road Authority people yesterday, and finding out how it is operating in Ohio, and what difficulties they are having.

I think our physical terrain in Ontario is very similar to that in Ontario; our distances are similar, and there are many other points of similarity.

Our terms of reference were broadened at the last Session, through an interpretation of the original terms of reference, to include the possibility of imposing the weight-mile tax.

We have no such tax at the present time, but the government is interested in exploring the possibilities of it.

We had in mind, in asking to see you, firstly, your liaison, as you have mentioned, with the Toll Road Authority, how the construction of a toll road has

affected your Department of Highways, and various problems into which you have run, and how you have solved them.

Secondly, we are very interested in obtaining some information on your gasoline mile tax, which is, as we understand it, a variation of the original ton-mile tax, which has been varied in one way or another in quite a few of the states, as we understand it.

Those are the two objectives we have in mind this morning.

MR. BRADLEY: Before you proceed any further, I want to express the regrets of the Director, that he is unable to be present. He had a prior commitment and had to go to Chicago and he flew there yesterday. I am sure he regrets very much not being able to be here.

George (Mr. Thormyer), I think you might as well start on the Turnpike end, and its effects on our system. You may be able to shed some light on that.

THE CHAIRMAN: Our reporter will take down the entire conversation, and it will be in due course reproduced into fifty or sixty copies. As we proceed -- we do not know these things -- if we touch upon any subject you might not care to have put into a permanent record, if you will so indicate, our reporter will lay his pen down for any period you want.

MR. BRADLEY: That is fine.

I will ask Mr. Thormyer, the liaison engineer with the Turnpike Commission, to shed some light on this matter for you.

MR. THORMYER: Gentlemen, do not get the wrong impression. I am with the Highways Department, and not with the Turnpike Commission.

I do not know with whom you spoke yesterday, nor what you found out, so I do not know where to start without possibly repeating some of the things you have already heard.

THE CHAIRMAN: We met yesterday with Mr. Hartford, and the traffic engineer, Mr. Makeever; and with Mr. Soller, their financial man. We were discussing with them various kinds of financing, rates, volume of traffic, and types of traffic, and the difference between commercial and passenger vehicles, and matters of that type, which are primarily concerned with the operation of turnpikes.

MR. THORMYER: I might start by dealing briefly with the Turnpike Act. That was passed by our Legislature for the purpose of supplementing our highway system.

We, in Ohio, -- as many others have been elsewhere over the country, and I suppose you have encountered

the same thing, too -- but we have been concerned with the fast-developing needs for highways, faster than our tax structure permitted them to be provided, and it was solely the purpose of supplementing the Highway Act to provide the State Highway Department with a tax fund for the highways -- not turnpikes; the idea being that the turnpike would be financed directly by revenue bond money. The credit of the state is not behind them. They must depend on their revenues to operate, to pay the interest, and to eventually retire the bonds.

As Mr. Bradley has said, the Director is ex officio a member of the Commission, and I think it was felt it was necessary to be with the organization, in order that the work of the Highways Department and the Turnpike Commission could be co-ordinated, that we would be able to build free highways not in the location the turnpike was serving, so as not to be in competition with it.

I do not want to leave the impression that we, in the Highway Department, are avoiding construction to favour the Turnpike revenues, but we are trying to utilize what they do as part of our system, because eventually it will become part of our system, as soon as the bonded indebtedness is satisfied. And so we, and a number of others, have seen the traffic the

Turnpike takes away from our highways, because we are confronted with such a maintenance problem, and the Act permits us to spend money in other areas of the state not served by the Turnpike, to improve those highways, and thereby come up eventually with a much better highway system than we could without the aid of the Turnpike law, and the turnpikes which this law provides.

The first turnpike was, as you know -- and you probably have had the "dope" on it -- was built across northern Ohio, and it opened in its entirety on October 1st, last year.

Our law provides that the studies for turnpikes be the responsibility of the Highway Director. The Highway Department finances the studies, both the engineering studies, which determine the location, as to feasibility, and an estimate of cost, in conjunction with the traffic and revenue studies.

These two enable us to determine the capacity, and feasibility of this Turnpike; in other words, the ratio of income to maintenance, and the debt service.

No. 1 Turnpike taps an area in Ohio which is very highly industrialized, and there were some very optimistic ideas as to how much revenue the Turnpike would bring in.

Actually, it opened at a time of year last year

when traffic was in its seasonal decline, and I imagine you experience the same thing in your country.

Our traffic goes up in the summer to a peak, and then declines, and it hits its low point, I would judge, around February or March.

Their traffic has not been what they hoped it would be, and what the consulting engineers, who made the traffic and revenue studies, estimated it would be. However, these consultant engineers, who have studied traffic and revenue, gave an estimate not for any one month, but what they say is an estimate developed to apply over a period of years, not any specific month, nor any specific year.

There has been a steady increase in traffic on the Turnpike since it has been opened, in comparison with the decline curve, which our own highway travel shows.

In other words, while our travel in October of last year was the heaviest month we ever had -- and I believe it was approached again this April -- their traffic did not come down as fast as the traffic on our roads came down, as evidenced by the graph of the two plotted on the same sheet. So I think as time goes on, the "Ohio Turnpike" -- which is the name given to No. 1 Turnpike -- will be a financial success, and do what it was designed to do.

Ohio, as you know, is in a geographical location where traffic to and from the east, and to and from Detroit and Chicago, must pass through this state, owing to the lake on the north.

At the ground-breaking ceremony for this No. 1 Turnpike, our Governor made the statement that he hoped this was just the beginning of several turnpikes under a turnpike system, realizing that relief from our highway problems would be afforded by a properly-constructed turnpike.

As a result of that, the Turnpike Commission by resolution, asked the Director to make a study between Cincinnati, in the southwestern portion of the state, and Toledo, at the northern border.

The Director knew more about our traffic than the members of the Turnpike Commission, and made the statement that he was not certain that a turnpike from U.S.40, which is our main east-west highway,-passing through Columbus to Toledo -- was sufficient to support a turnpike.

In addition to that, under our plan, U.S. Route 25 to Cincinnati, over to Dayton, and on to Toledo, had been planned for elaborate improvements, by-passing cities and so on.

Obviously, a turnpike to compete would be poorly

located, when we could furnish the traffic facilities which were virtually equivalent in carrying capacity, and ease of driving, and people could not be expected to pay a toll.

The Director did show we were faced with a problem in the northeastern corner of the state, in that the New York Thruway connected with the Pennsylvania Turnpike, and through the villages and towns lying in that vicinity, and in that connection Erie County was the problem between Pennsylvania and Ohio, roughly some 40 miles.

It was stated that New York had planned to extend the Thruway and we appreciated that would dump traffic into Ohio on U.S. Route 20, which is now carrying more traffic than its capacity.

The Director stated that, in his judgment, that was the place where the first turnpike should be considered. He agreed that between Cincinnati and U.S. 40, another great need existed, which would not be serviced by the plan he had for U.S.25.

To make a long story short, the ultimate decision was to make a turnpike from Cincinnati to Conneaut, from the southwestern corner of the state to the northeast, and a branch of that to the Toledo area, to see whether there was sufficient feasibility noticed

to support a turnpike there, because Route No. 23 out of Columbus for those who wish to get to Toledo, does not carry too much traffic, and it has not shown anything like the need for improvements that a number of our other highways have.

These studies were made, and the preliminary study indicated that the spur to Toledo was not worthy of further consideration, so it was dropped, and the final studies have just been completed for a diagonal turnpike alone. The preliminary studies indicated that the central area was the weak area traffic-wise, and the two ends would have to support the middle section, if it was to be built. That is common in turnpike construction, that the stronger parts have to support the weaker ones.

Our law makes it necessary that each turnpike be an entity unto itself, and the revenue from one turnpike cannot be used to help another; it must be used on that one turnpike for which the bonds were sold to meet the debt service and retire the bonds.

Consequently, the study was made in two parts, one leaving a gap across central Ohio, and the other a continuous line.

We had evidence from some of the bond companies that they looked very favourably on a continuous facility,

even though the coverage might be a little less than the broken facility, chiefly because of obstacles in operating such a turnpike.

These studies have been turned over to the Turnpike, and in accordance with our law, will show the point where it should be constructed, and they will proceed to do that on the possibility of financing it, and if they can finance it at a reasonable rate of interest, they will let the contract for the engineers and consultants to plan and determine where the rights-of-way are, and let the contracts probably for buying the rights-of-way and building the turnpike.

That is a brief resume of our situation here, and I would appreciate some questions, in order that we may more readily appreciate what your specific interest is.

MR. BRADLEY: I would like to make one statement. You made the statement, Mr. Thormyer, that the Department financed the preliminary studies. I might add to that that if the turnpike proves feasible, and the bonds are sold, we are reimbursed. However, if it does not prove feasible, we are "stuck for the bill".

MR. THORMYER: Yes, we are "stuck for the bill". On the other hand, we have secured valuable information, which is useful to us in our own planning.

MR. MacDONALD: How do you expect the current legislation before Congress -- the Fallon Bill, and so on -- will affect your planning?

MR. THORMYER: I do not know how it will affect that. We have not been in a very favourable position for some time. The bonds for our Ohio Turnpike sold at an interest rate of 3.25. Since that time, there have been other major bond issues sold. Illinois sold $4 million at 3.75, which we, in Ohio, consider is pretty much out of the realm of decency. These bonds are non-taxable bonds, and we cannot see there is any justification for paying a rate of interest like that, in order to float such a bond issue.

Of course, the higher the interest, the less your feasibility.

MR. MacDONALD: I will put my question differently --

MR. THORMYER: I am coming to that. I believe -- and this is my own opinion -- that until the Bill in our Congress is settled, investors will look somewhat questioningly on an investment in turnpike bonds.

Our situation in Ohio, if we can properly "put it over", briefly, is this; our greatest need is for highway facilities, which that money will provide within cities. Of course, a turnpike is particularly

designed to serve cities, because they are the chief traffic generators, but turnpikes do not normally go through cities; they go through the fringes, so there should not be too much difficulty legally in building with money provided by the Fallon Bill, and the cities will take more than one-half of that money. We will need highways in areas apart from those served by this turnpike, which will add the necessity for spending some of this money.

We have the turnpike which more or less supplements the additional highway facilities we can provide with that Federal money, if it is forthcoming.

But the investors will take that into account, I believe, and I can imagine they may feel that anything we built with a sum of money like that will detract from the use of the Turnpike, and make it something about which they would think twice before they put the money in.

MR. AULD: Then the Fallon Bill will not solve all your problems?

MR. THORMYER: The Fallon Bill will not solve our problems.

MR. HEIER: Our biggest trouble is if we build the turnpike as a replacement road, we put about four years' grants into the building programme, to build that

completely, and leave nothing for the jobs which must be started as feeders.

MR. AULD: You mentioned the urban problem. In Ohio, does the state finance urban expressways?

MR. THORMYER: Mr. Heier had better answer that, I think.

MR. YAREMKO, Q.C.: To get back to the general question; what would the state of your department be had the Turnpike not been built as a toll road?

MR. THORMYER: We had some problems here. We do not know what the state would be.

MR. YAREMKO, Q.C.: How long would it have taken you to complete the Turnpike as a freeway?

MR. HEIER: It depends on the time it was built.

MR. THORMYER: There is $326 million invested in that Turnpike, a sum of money such as we never had at any time, and also we are obliged to prorate our money over 18,000-plus miles of highway in the state. We cannot put it in one area, without bringing the wrath of the rest of the state down on our heads.

MR. MacDONALD: What is the annual budget?

MR. HEIER: Normally, before the bond issue, we were running between $400 million and $500 million per year, for 88 counties, which means about one-half

mile of four-lane road per year.

Now, with the bond issue spread over eight years, we have the $5 million bond issue, and in the same period, we have an income from various sources of an equal amount, so we have for eight years, these programmes going at the same time.

MR. MacDONALD: What does that add up to in maintenance and capital?

MR. HEIER: At the peak, about $235 million per year. That would be about the peak year.

THE CHAIRMAN: That includes the $500 million bond issue?

MR. HEIER: That is correct. We are limited to about $235 million per year, and with guaranteed income, we are getting close to $200 million per year, construction programme, and some $30 million or $35 million maintenance and hauling.

MR. YAREMKO, Q.C.: What period of time does this $500 million bond issue cover?

MR. HEIER: It is essentially extended from 1954 into 1962, which means an eight-year programme.

MR. YAREMKO, Q.C.: No, what is the term of the bonds?

MR. HEIER: They must all be paid by 1972. It is a variable term, but not to exceed 18 years.

THE CHAIRMAN: These gentlemen may not know the provisions for paying back that money. I am thinking about the fact that as these bonds are paid off, the money will not be available for highway construction.

MR. AULD: It is postponing the evil day?

THE CHAIRMAN: That is right.

MR. HEIER: In 1952-1953, our annual programme was $40 million or $45 million, or, at the most, $50 million, on an average. That was so small that, starting in 1948, the study indicated the need for a programme so the Administrative Safety Foundation, which made an analysis of our needs, came up with the fact that about $3 billion would be the highway needs until 1972, in Ohio.

That was on the assumption that certain increases in the automobile registration and traffic would take place. We find, however, as of the present time, we have more automobiles registered and more miles travelled on our highways than they anticipated would be the case in 1972. We have reached that point or even gone beyond it. So we have a $3-billion need today, and we are working on the first billion at the present time.

When they set up the bond issue, they set up an

additional one-cent gas tax, a gasoline-distance tax, -- in which you are interested -- to finance the bond issue.

We have had the benefit of some of this unneeded income up to the present, but from now on, it will all be placed in a sinking fund to retire bonds, and as a consequence, we are going to drop that programme in the next biennium, and we are back to just about where we were before the bond issue.

In other words, we will be able to support about a 40-mile programme again, and we will not be able to match all the Federal aid.

So we have been up in the high surge, and are dropping down in a few years to a very minor programme, actually.

I think the Legislature foresaw that possibility, and the remark was made "If the public gets a taste of a good highway, it will be willing to pay for more of them".

It is obvious you cannot accomplish the fulfillment of the needs requiring three billion dollars with one billion dollars. That is very apparent.

Right now, we are facing the need for a future financial programme, so that we can proceed beyond the next biennium in our planning.

We must set up for four to six years ahead, of the type of work we handle, because to get out the plans will take from two to four years, so we have to be able to commit at least four years into the future, and it is desirable to go to six years.

THE CHAIRMAN: If we explained our situation, you might understand the direction of our questioning.

We have a provincial highway budget of approximately $200 million a year. That is financed from an eleven-cent per gallon gasoline tax -- our gallons are Imperial gallons, which are a little larger than yours -- plus registration fees, and public commercial vehicle fees, which is based on the gross loaded weight of the vehicle, but no consideration is given to mileage.

Then we have under construction as a freeway at the present time, a four-lane, controlled-access highway, which will reach from Detroit and Windsor on the west to the Quebec border on the east, approximately 650 miles.

This Committee was appointed a little late in the game, because there are certain sections of that road which have been already built to relieve the pressure on urban areas -- what we call "by-passes".

Those sections have not been joined up, and

we are unable to see any definite plans which would indicate to us when they will be.

We are faced with the problem as to whether we can permit people to ride on that type of highway for a certain period of time, and then change our minds, and charge them to ride on it as of a certain date. That there are political problems there will be very obvious.

On the other hand, this proposed construction is something which not only bothers us, but bothers the public, and we have a very large urban problem, and a great deal of our $200 million goes for that type of thing. Of course, it does nothing to relieve this open-country highway problem.

Briefly, that is where we stand, and I thought that might help you to appreciate what is behind some of the questions we may ask.

MR. HEIER: This $200 million you mentioned is classified for the use of the province, like the state here?

THE CHAIRMAN: Yes. We have no Federal aid whatsoever, with one exception. Our Federal government is subsidizing the Trans-Canada highway. That is a national project, so they can go from one end of Canada to the other, riding on a Canadian highway.

That passes through the northern part of our province, but we have sections in the southern part which will carry as much traffic in a day as that road will carry in a year.

So it is of relatively small consequence to us.

MR. HEIER: Our income approaches yours in total, but part of that goes back to the cities and towns toward the cost of highways, so our construction programme is about $40 million or $41 million, and that includes Federal aid, but it is exclusive of the bond programme, which has implemented our present construction activities.

THE CHAIRMAN: We are interested in the liaison you have explained between your Department of Highways and the Turnpike Commission. I think the point that you do all of what might be called "pre-engineering" of the turnpike facilities, is a very interesting point, because the turnpike cannot do anything until you suggest that it is feasible?

MR. THORMYER: I might deal a little more with that, if it is of interest to you.

The Director of Highways must approve the alignment and design submitted in accordance with our law for the turnpike, and a "turnpike" is defined as "including all separations of rural roads, railroads,

and everything else", in order that the engineers can make estimates of the cost of the turnpike."

That is my job, in conjunction with others in the Highway Department, that is, to determine the structure as to clearances and size, and the number of lanes in advance.

When a turnpike is in operation, that is something which cannot be developed. You can see what you would be up against. You have traffic which has paid toll to get on there, and they can only get off at designated interchanges, at which point they must pay toll, so if they are advancing to a point behond the interchanges, it is not possible to interrupt that traffic whatsoever.

Jointly with my advice, we build structures, and to narrow down the need for additional lanes, we had to disrupt traffic for a period of time while building them.

That is one of the most important preliminary jobs there is, to try and anticipate the needs in the years ahead for that particular highway, and then the turnpike will build its structures equivalent to supplying those needs.

We have a number of structures crossing the turnpike now, which are without additional lanes, more than on the roads approaching it on either side, as you all

know, and eventually when there is a need for four lanes divided, , which there will be, the approach is there now.

THE CHAIRMAN: You have integrated the toll road into your entire state highway system?

MR. THORMYER: We have endeavoured to do so, yes.

THE CHAIRMAN: What about such things as feeder roads to the turnpike, and the distribution of turnpike traffic into your cities?

MR. THORMYER: That poses another problem for us.

The Turnpike cannot impose any responsibility on a municipality beyond the interchanges.

They did build four-lanes divided, where we presently had two, in order to avoid the special lanes which can be extended both ways on the Turnpike. That is strictly a state highway problem, and is one we recognize, and has happened on No. 1 Turnpike. The logical places for interchanges are places where we had planned for expanded facilities, because it was at these points where our needs were greatest, and we think the interchange locations were properly placed.

There are other instances where we must expand, and I think the programme undoubtedly has

recognized that fact. It is somewhat out of my bailiwick, and I do not know too much about it, but that is a responsibility the state must assume, and, in my judgment, even eliminating from our system the traffic the Turnpike takes, we are still ahead, even though we have to assume the responsibility of certain concentrations which might not exist otherwise.

MR. HEIER: I will carry that a little farther. About one-half of the interchanges on No. 1 indicated a need for something in the way of the enlargement of gates and highway facilities. In the main, these highways which needed it were already overloaded, and in a few instances, the "slug" of traffic which came off the Turnpike would overload an existing highway, and we had to consider a highway further away from the Turnpike. That particular case was the market at Youngstown, where we had four-laned, and in that case we ran into a condition where the location of the existing road was hardly proper for the ultimate Turnpike interchange, so we had to re-locate a portion of the road ahead of the Turnpike construction. That was done on Turnpike No. 1.

On Turnpike No. 2, we are including in our analysis of a traffic problem, the need for interchanges.

We observed that the "slug" of traffic which

had been expected did not occur, in other words, the enormous increase of traffic up to the interchanges has not occurred. Of course, there has been some increase.

Another feature in our progamme has been on the basis that turnpikes will be built as turnpike roads. We may be reversing ourselves, but if it comes to a free road, we have come to the conclusion that the parallel road should be built only as need demands.

To carry that a little further, and say that perhaps our greatest need in Ohio is in the area of Turnpike No. 2, and the decision to built it as a turnpike or a free road is something upon which we are working very thoroughly right now.

The fact that under the Fallon Bill something might be put up for us, will have to be looked at in this way. If you take four years' money and concentrate it on that road, you have a political and public-relations condition facing you in the rest of the state.

Even if you do that, your connections in these cities are not accomplished, and if you take this into consideration, you find a six-years' programme for a highly selective highway. Either that, or spread it over fifteen years.

THE CHAIRMAN: I can see the political difficulties

in that situation. Do you adopt the principle of maintaining parallel freeways to your Turnpike, so that you have a facility available for nothing, if the citizens care to ride on it?

MR. HEIER: Actually, we have no freeways parallel. In many cases, we have some parallel roads, three lanes, which were there, and they are adequately maintained.

One of the provisions of the Fallon Bill is that there be connections between the interstate road and the toll Turnpike. There must be an adequate free escape route.

MR. ROOT: Do you build the same type of roads everywhere in the state, free?

MR. HEIER: We approach it very closely.

MR. ROOT: How can you justify this Turnpike, when one party pays a toll, and the other rides free?

MR. HEIER: We build them as free roads.

MR. ROOT: Politically, how can you justify that, when part of the state pays toll, to ride on a superhighway, and the other part of the state rides free?

MR. THORMYER: I might answer that in this way. I cannot say that all the traffic which rides on the Turnpike is saving money by doing so. That is not the case. But when making the traffic and revenue

study on the Turnpike, it was suggested that traffic can pay a toll and still ride on the Turnpike more cheaply than it can ride on a free road. That is a traffic study where it is considered applicable to the Turnpike.

I think you will see what I am getting at. There are many places in Ohio where traffic is restricted, due to the presence of traffic lights, and grades, where the cost of travelling on that road is greater than the cost of travelling on the Turnpike, even including the payment of the toll.

There is other traffic, particularly the passenger-car traffic, which is more concerned with ease of driving on the Turnpike, without any restrictions, and they are willing to pay the toll even though they might ride on the free road more cheaply. But only the traffic which can save money by use of the Turnpike in consideration of the toll, will be the traffic assigned to it. I think most people realize that.

MR. ROOT: The point I was trying to make was this: we have built controlled-access highways, and they are free. Do you think you can justify politically, in Ohio, building a controlled-access highway free in one part of the state, and building turnpikes with tolls in another part of the state?

MR. THORMYER: I think we can justify that, yes. Some of the people say they should not have to pay tolls when in another part of the state there is a freeway which offers an equal service.

But where turnpikes have been built, people have been so impressed by the location of the facility that by the time they get the turnpike, they are so pleased that they will forget the feeling that they should have a free road.

Another thing is this; with our limitation in finances, we cannot accomplish the mileage in ten years which the Turnpike Commission, with revenue-bond money can accomplish in two or three years.

The people also realize that if they were waiting for a free road, they would wait four years, and that is where they are willing to pay toll, because they can have it in a period of two or three years.

MR. BRADLEY: I can enlarge on this reason for individuals preferring the Turnpike. It might be difficult to have one in every area, even though we had to pay to ride on it.

How many cities do we have in Ohio with over 50,000 population?

MR. HEIER: We have 139 over 5,000; I do not know how many over 50,000.

MR. BRADLEY: We have two routes to Cleveland and Cincinnati, from the north end of the state, right straight down to the south end. They are predominantly two lanes, and you get on either one of those routes, and your time element is pretty large; in other words, you have so many towns and villages to go through and encounter so many traffic lights , with the short facilities, that if this estimate is worth anything, the ease of driving is more or less welcome, even if they have to pay.

Of course, to the truckers, it is strictly a cost item.

MR. HEIER: Actually we have had no complaints about a toll road at one end of the state and a free road at the other.

MR. AULD: How many miles of controlled-access freeways have you, and what would be the longest stretch of it?

MR. BRADLEY: Have you those figures, Mr. Heier?

MR. HEIER: I do not have any with me right now.

MR. AULD: We have one section of 60 miles which runs north, and I was wondering whether you had had any long stretches of four-lane divided freeways?

MR. BRADLEY: We have some, and we have more under construction.

For instance, Route No. 40, the "New York road", as we call it, is four-lane divided, all the way from here to Springfield, and we are re-locating it for a 30-mile stretch of limited-access, west of Springfield.

That is a complete re-location, because the old two-lane was built up so solidly, that we could not afford to go in there and buy the property. It was cheaper to go around, and have it a limited-access.

MR. ROOT: Have you given any thought to tolling that new limited-access road?

MR. BRADLEY: To make it a toll road?

MR. ROOT: Yes?

MR. BRADLEY: No, we have not. We have a four-lane divided on Route No. 40 for a long stretch, both east and west of Columbus, and then a three-lane, and then back to a two-lane. We are going to make it a four-lane clear across the state, as a freeway.

MR. AULD: That will be a controlled-access road, all the way through?

MR. BRADLEY: No, it cannot be, because we had too much already built before we got into the limited-access field. We never had it all controlled-access.

MR. HEIER: There was a question in regard to

the long stretches of divided highways. I think it is somewhere in the neighbourhood of 400 miles.

MR. AULD: That would be all freeway?

MR. HEIER: No; the turnpike supports are in.

MR. THORMYER: If we have intersecting cross-roads, the policy is to provide rights-of-way for future separation, but we cannot justify separation for the few vehicles which will use it.

MR. HEIER: Even the Fallon Act will contemplate a superhighway. It is not contemplated causing any road elimination.

Even with this Federal Act, we will not have something entirely equivalent to the Turnpike. We may have many miles of it, but not entirely.

MR. THORMYER: There will be separation where there is sufficient volume of traffic to warrant it.

MR. HEIER: Our urban jobs are being built generally with complete limitation of access, and complete separation. Rurally, we do not do it.

MR. YAREMKO, Q.C.: You say you have 400 miles of four-lane highway?

MR. HEIER: Constructed and in contemplation.

MR. YAREMKO, Q.C.: What is the longest stretch from Columbus east and west? How long would that be?

MR. BRADLEY: From Columbus to Springfield it

is 50 miles. That is all four-lane, and it is all limited access.

Then these dotted lines here (indicating) show the proposed highway, four-lanes, and there are some -- you can see the dotted stretches here (indicating)-- that is all proposed.

MR. HEIER: That is essentially a bond issue four-lane programme;if the Federal government comes in, we will have four-lane limited-access roads.

MR. BRADLEY: This heavy line (indicating) shows existing freeways, four-lane, and the dotted lines here (indicating) show the proposed.

MR. YAREMKO, Q.C.: Is the toll road dotted?

MR. BRADLEY: That is shown here (indicating) with large dots.

MR. YAREMKO,Q.C.: Are you still proceeding with those?

MR. BRADLEY: Yes.

MR. YAREMKO, Q.C.: Those are the urban areas?

MR. BRADLEY: Yes, there is a steel town, and a rubber town. Akron is the rubber town, and Youngstown is the steel.

MR. AULD: Actually, the population in Ohio is pretty well evenly spread out?

MR. BRADLEY: I would say this area here (indicating) is the heaviest. Here (indicating) is the

Dayton and Cincinnati area; that is heavily populated.

MR. YAREMKO, Q.C.: Is this (indicating) the proposed No. 2 project?

MR. BRADLEY: These dots and dashes (indicating) are the proposed No. 2 turnpike.

MR. HEIER: The answer to a former question is that of this four-lane, 430 miles built, and 130 under contract as of the end of the year. However, those are not all completely limited-access miles.

MR. BRADLEY: That makes 560 miles either built or under contract. And we have also the approved work.

MR.ROOT: I wonder if I might ask another question. How does your speed limit on the thruway compare with that on the freeway?

MR. THORMYER: The speed limit for passenger cars on the Turnpike is 65 miles an hour. The speed limit which will be in effect in October on state highways is 60 miles an hour in the daytime, and 50 miles an hour at night.

MR. ROOT: There is a five-mile-an-hour difference?

MR. THORMYER: Yes.

MR. ROOT: What advantages have you to compensate for the amount of the toll? What is the safety

factor?

MR. THORMYER: The fact that you have a 60-mile an hour speed limit, does not mean that you can average anything close to that on the state highways, but that a car, if it is capable of doing it on the Turnpike, can average 65 miles or slightly under, because you have no obstacles whatever, and no reason to stop any place.

MR. BRADLEY: The 60-miles an hour speed limit was put on by the last session of the Legislature, but that does not mean that every piece of four-lane highway has a 60-mile an hour speed limit.

We will go through every section of our state highway system when this law comes into effect,and make a traffic survey, and set up a speed limit. A number of these four-lanes around Columbus may be cut from 60 miles an hour to 40; other sections from 60 to 50, and so on.

The 60-miles an hour is a fluctuating limit; it is subject to revision by the Director of Highways.

MR. HEIER: One thing which is occurring on Turnpike No. 1 was the fact that many new industries are settling along it. We have been faced with the "off-the-cuff expenditures" of about $4 million, just to provide some additional highway facilities

Chairman:

Mr. [illegible]: The fact that you have a 60-mile an hour speed limit, does not mean that you can average anything close to that in the above figures, but that a car, if it is capable of doing, it on the highway, can average 55 miles an hour under, because you have no obstacles whatsoever, and no reason to slow any place.

Mr. BRADDOCK: The 60-mile an hour speed limit was put in by the last session of the Legislature, but that does not mean that every place of four-lane highway has a 60-mile an hour speed limit.

We will go through every section of the state highway system where this has been [illegible] and make a breakdown, and put in a report later. A number of these four-lane sections of highway may be not from 50 miles an hour to 60; other sections from 40 to 50, and so on.

It is required to vote on the Minnesota [illegible].

Mr. Kelly: Can they vote? In connection on Tuesday Mr. I was the most hard [illegible] are adding also to. We have been found that the "off-the-road crossing" or [illegible] of [illegible].

today, or when these new plants will be located on or close to the Turnpike.

MR. THORMYER: I think that is being experienced elsewhere. The type of highway is an attraction to industry and develops traffic.

I read about the loss in taxes from the rights-of-way occupied by the Turnpike. It is not taxed. They buy it in fee simple, and it is more than compensated for by the industrial development along the Turnpike facility.

The same thing would happen with regard to a complete limited-access freeway. If we had funds to provide such facilities in such length, it would be equivalent in service to the Turnpike, but we have not, and will not have that kind of funds available.

MR. BRADLEY: I will declare a five minutes recess.

---Whereupon a short recess was had.

---Upon resuming.

MR. BRADLEY: Gentlemen, let us resume the discussion.

MR. MacDONALD: There is one aspect on the Turnpike, before we leave it to go to the axle-mile, which I would like to raise. That is, what difficulties, if any, do you anticipate at the end of the bond-

redemption period? We seem to have run into quite a variety. In some states it is clearly laid down by the statute that by the end of the period it becomes part of the free highway system; in other localities, they have not fixed what will happen there, but there has been some suggestion, if I remember correctly, in Pennsylvania they anticipate difficulty in being able to absorb within the state system, such a large turnpike system, even for maintenance, without a continuation of tolls.

In other words, it would be so large that the state system could not well take it back under its wing.

Is that likely to happen in Ohio, and, therefore, the Turnpike would become self-perpetuating?

MR. THORMYER: I do not anticipate we will ever have a turnpike system which cannot be absorbed into our own highway system. We have a plan here whereby certain mileage of the state system can be turned back to the counties, after proper hearings, and so forth.

As a matter of fact, this Administrative Safety Foundation Mr. Heier mentioned, made some suggestion that a great deal of our mileage would be more properly classified in the local system, than in the state system, because a small percentage of the

mileage carries by far a majority of the traffic. We have miles and miles and miles which carry very light traffic, but as long as it is ours, we have to carry it, regardless.

MR. MacDONALD: I think the opposite is the case in Ontario. There is a tendency for the province to take in more and more of the county road system.

MR. AULD: The government is not yielding to that pressure here?

MR. THORMYER: A fairly high percentage was the result of pressure to get it into the state system. But I think people are becoming better informed of the possibility that various arterial sections can eventually support these roads.

We get some resistance, of course.

MR. BRADLEY: Does not the Turnpike law provide for turning the Turnpike back?

MR. THORMYER: Yes.

MR. MacDONALD: I think in Pennsylvania, it is not law, but they do not expect it will ever happen. At least, that was the private expression we found.

MR. BRADLEY: We went through a period in the 30's, when the Legislature, in its infinite wisdom, passed what was called the "5,000-mile Bill", in which they took 5000 miles of county and township roads, and

added them onto the highway system. Some of that perhaps was justified, and some was not, and, as the gentleman (Mr. MacDonald) said, we want to turn them back.

The Legislature can act to take some of that mileage back, some of it with very little traffic. A road with 50 or 100 vehicles a day has no place in a highway system.

We have worked along with them, and I do not think we have 50 miles of these low-traffic roads which does not have dust control and a treatment or two of asphalt.

I believe they would get better treatment than that in their own country system if they took them back, and we simply cannot go in and spend a heavy amount of money on roads carrying 50 or 100 vehicles a day, and yet we get demands for that -- political demands.

MR. THORMYER: I imagine this shows how much of our gasoline tax reverts back to the counties. We do not get all of it by any means, ourselves.

MR. HEIER: In fact, a big "chunk" goes back to the county roads, or wherever it is, and the state highways are financially --

THE CHAIRMAN: Do you turn them back on the

basis of what their budget is, or allow them to spend as they will?

MR. BRADLEY: It is handed to them by virtue of statute. A certain percentage of the money goes to the counties. The counties receive that money, as I remember, based on two sets of figures, one, population, and the other county mileage.

MR. EMMONS: And registration and township mileage. They do have some equalization method.

MR. HEIER: We have some townships receiving money which have no township roads.

MR. BRADLEY: But the township makes the distribution.

MR. EMMONS: For road mileage, that is, the license plate tax; they get 5 per cent. of the license plate tax on the basis of road mileage. Then they get 17½ per cent. of the second two cents per gallon tax, which is distributed to the counties equally.

MR. THORMYER: The fact remains that we have some townships with not a mile of township roads, but getting gasoline tax money, or the tag tax money. I do not know which it is.

MR. YAREMKO, Q.C.: If the counties and townships do not have to spend the money, you get that money back?

MR. EMMONS: They have to spend it on their

highways. They cannot divert it to any other purpose.

MR. YAREMKO, Q.C.: Do they have to spend in proportion of their own money?

MR. HEIER: No.

MR. LEAVENS: The state is a collection agency for that tax. No city nor county can put on a gasoline tax. There is only one tax and that is the state tax. Neither can they put on a license tax.

Therefore, they act as a collecting agency. It goes from the state to the counties and townships and the cities.

There are four divisions in the state of Ohio, each governed by an administrator or Board, and they are solely responsible for the maintenance and construction of the highways, and receive whatever the law says is their porportion of the state-collected revenue. There is no overlapping of authority.

But you can co-operate. In other words, counties can co-operate with the state or with the cities, and the townships can co-operate with the counties. However, it is not mandatory. Each system is an entity in itself, and solely responsible for its own roads.

MR. BRADLEY: May I answer that question a little more definitely? Any township, county or city

receives money when the split-up is made. There are no strings, except it must be used for highways. If they want to levy an additional tax on real estate or something like that, to supplement the amount they derive from motor vehicle revenues, that is alright. That is up to them.

MR. REAUME: In our province, the province gives back to the city or town a certain amount of money, but in order to get that, they have to spend an equal amount. Otherwise they do not get anything.

MR. AULD: It is a varying percentage.

MR. REAUME: In Windsor, I think it is an equal amount.

MR. LEAVENS: From what source do they obtain that equal amount?

THE CHAIRMAN: Real estate.

MR.LEAVENS: That is the unfair part of it, as we see it.

THE CHAIRMAN: Oh, no doubt about that.

MR.LEAVENS: We feel it should be paid by the highway users.

MR. COLLINS (Secretary): The motor vehicle tax does not go to the state?

MR.LEAVENS: That is right; we get none.

MR. HEIER: In regard to the money which comes

to the state directly; we co-operate with the cities. we pay whatever our policy has determined, usually about 25 per cent. across the board, for the large cities.

MR. BRADLEY: You might take that up a little farther, and take a typical city job in a city the size of Cincinnati or Cleveland.

A great deal of this money is Federal aid matching funds. If I am correct, we would have an arrangement on these city jobs, whereby the city would put up 25 per cent., the state 25 per cent., and for a Federal-aid job, the Federal government would put up 50 per cent.

Is that about right?

MR. HEIER: That is about right. Legally, the Director has no obligations in the cities, but if he wants to, he may co-operate with the city to build city projects. A portion of our Federal aid is urban money, which must be spent in the cities, so, consequently, we are forced into city programmes, at least to the extent of the urban money.

So the general policy of the State Highway Department is this; the situation has been, if we reach an agreement for the improvement of certain sections, we will assign normally the 50 per cent. Federal money,

as it is split, to be spent in the city. That is, for the large cities.

There are some adjustments for smaller cities on construction costs, which are dropped to 15 per cent., between a population range of 38,000 to 100,000.

Below 38,000, and down to 5,000, it is 5 per cent. on construction, but there is still the 25 per cent. which the rural people must put up.

This interstate Bill has come through, and now one-half of the needs of Ohio are in the cities, and the Federal government says it may be a 90/10 proposition.

The policy of the state would probably govern on city jobs, whatever the Federal government set up.

The policy has not been determined as to what participation in the cities will be if the interstate Bill passes.

But you have a problem that there are only nine cities out of 139 in Ohio which would benefit from the interstate, and can you afford to treat nine big cities much more favourably than you can afford to treat the other 130?

That is what we are up against, and we are struggling with it right now.

MR. AULD: What is the total mileage of highways

in the state?

MR. LEAVENS: Around 100,000. Of all classes, you mean?

MR. AULD: Yes.

MR. LEAVENS: Around 100,000; it is 99,000-and something.

MR. AULD: And what would the automobile and vehicle registration be?

MR. LEAVENS: Around 335,000. That is, passenger cars, trucks and trailers.

MR. BRADLEY: Too many of them.

THE CHAIRMAN: I am keeping in mind the question of weights, and I think perhaps we might move into the gasoline-mile tax.

We would like you gentlemen to have luncheon with us, and if we continue, I think we can finish our enquiries this morning before going to lunch, and that will not make it necessary to inconvenience you this afternoon as well.

MR. BRADLEY: I am sure that will be satisfactory.

MR. ROOT: There is one question I would like to ask.

The toll road you mentioned, and you said there was considerable industrial development. Do you find commuters using the toll road or the freeway?

MR. THORMYER: I do not know anything about it, to answer your question. I do not know whether the Commission has the information. There are more studies to be made, and we may get the information then which will enable us to answer.

As of now, I do not think there is.

MR. EMMONS: I think there was a question which was unanswered, and that was the safety factor on the Turnpike, as compared with the other free system.

MR. THORMYER: In my judgment -- and I believe in the judgment of practically everyone in the state -- we think the Ohio Turnpike is presently the safest highway which was ever conceived or built.

It is separated, with 56 feet between the inner edges, and then the bus lane, 8 feet of which is paved with macadam, and there are two 12-foot lanes.

Inside of that, there is 40 feet of grass area.

The minimum slope with a ditch in the centre of the median is four to one, which is sufficiently flat, so that a car could not upset. It has been our experience that most fatal accidents are caused by the drivers going to sleep, cutting across the median, and meeting something in the opposite lane.

This has not happened on our Ohio Turnpike, and

we do not think it will.

The fatalities to date -- and I think there have been five of them -- have been from rear-end collisions.

One of these big vehicles was on a test run, with a maximum speed limit of 25 miles an hour, and the people on the Turnpike did not know it had that maximum speed limit, and it was going along, and was hit, which resulted in a fatality.

One of the first fatalities resulted from a young chap trying out his car.

MR. MacDONALD: Was it a Jaguar?

MR. THORMYER: I do not know what it was. But he ripped up a lot of guardrail, and ended up dead.

MR. SANDERCOCK: Have you any toll bridges in your highway system?

MR. HEIER: Not as such, no. There are several toll bridges across the Ohio River, but not essentially part of the highway system.

MR. BRADLEY: That arises from the fact that in Kentucky and Virginia close to the Ohio boundary, they have these toll bridges across the Ohio River.

They were built -- many of them -- by corporations, and we have taken over some of them -- I do not know how many -- and paid them off.

But, as a matter of fact, the bulk of their lengths is in the other states.

MR. MacDONALD: To their sorrow, I suppose, when it comes to building new ones?

MR. HEIER: We have the Ohio Toll Bridge Commission, which is operating the Steubens Bridge, as a toll bridge. It is not essentially a part of our system.

MR. ROOT: You mentioned a car hitting the back of a vehicle. On the other highways, do you penalize slow drivers?

MR. THORMYER: No, I do not think they make any arrests on that basis. They try to educate a driver that a slow-moving vehicle is just as dangerous as one going at an excessive speed.

MR. HEIER: The remark was made about the Penn. Turnpike, when coming back to the thruway.

They have the right to re-finance all their turnpikes, and actually the original Penn. Turnpike has helped to finance some of the extensions. If they carry that on, it will never become a free road.

We do not have that right.

MR. MacDONALD: Is that not a complicating factor here?

MR. HEIER: In what way?

MR. MacDONALD: You think your Turnpike No. 1 has become a going asset? But you are prohibited by the statute from moving from that onto Turnpike No. 2.

MR. HEIER: I believe it could be considered that way.

MR. BRADLEY: If we want to talk about the gasoline-mile tax, we had better get along.

Mr. Leavens, you handled the legislation in regard to that.

MR. LEAVENS: How deep do you gentlemen want to go?

THE CHAIRMAN: I think I can speak for the Committee, when I say we want to go reasonably far. We are relatively ignorant of the gasoline-mile tax.

We had Mrs. Long, from New York State, come to Toronto and speak to us for nearly a day concerning their weight-mile tax in New York State. She is quite a disciple.

MR. LEAVENS: If you got Mr. Boldoch, of Oregon, you would have found an even greater disciple. You will run into a great deal of argument from the trucking industry. That is inevitable.

The legislation in Ohio dates back to 1951. At the 99th General Assembly, a Bill was introduced at that time, patterned after the Oregon weight-distance

tax.

There is a distinction between the "ton-mile weight" and the "gasoline-mile". They are not synonomous. However, the basic principle is the same, that is, you pay on the basis of weight and distance.

If you move -- and I do not care it is by water, railroad, air or motor vehicle -- how do you pay for it? On the weight of that cargo, and the distance the carrier moves it. That is basic.

Therefore, the theory back of this third structure tax was that the payment for the use, construction and maintenance of highways should follow the same principle. You should pay on the basic theory of weight and distance for the use of the highways, because a highway is so long and the length of it governs the cost.

The weight which is hauled over it governs the weight and strength and durability of the highways. The heavier the vehicle, the stronger the highways must be, and the stronger the bridges must be, too.

Therefore, it is necessary to arrive at some rate which might be applied to distance and weight. The way we may expect to vary that is by the incremental theory.

The incremental theory on highways was developed

by Mr. R. F. Pancoast, one of the first members of our Department, and who developed it for the National Research Board. I can give you copies of the communications sent to Mr. Pancoast.

His theory of this incremental study is this; he starts off with a vehicle weighing basically 4,000 pounds, and it does not make any difference whether it is commercial or a passenger vehicle, there are certain elements of highways which must be built to accommodate them; for instance, you have to have four inches of concrete, and have shoulders, and ditches and drainage. In the maintenance, you have to keep the service maintained, and mow the weeds and plow the snow.

These factors are all basic factors and, therefore, he spreads the cost of these particular factors from all of the vehicles using the road, and he goes from there on up.

When we come to vehicles which weigh 8,000 pounds, instead of 4,000 pounds, you have to add to the thickness and you have to widen the shoulders a little bit, and for these heavier trucks, you have to cut the grades down on the hills.

So as he strengthens the road and builds it up, he gets again the cost factors which enter into it, and he distributes the cost over the classes of vehicles

to which it belongs.

That is the theory of incremental, and I think it is basically correct.

They started in 1951, and it was based on the Oregon law, and there were 32 increments.

In Ohio, our maximum weight is 78,000 pounds, which is allowed on the vehicle.

They started with 18,000 pounds, and went up by increments of 2,000 pounds, up to 78,000 pounds.

That Bill did not get too far. Of course, there was a great deal of possibility that there had not been too much education in regard to it, therefore, it was carried over.

In the 100th General Assembly -- in 1953 -- the Bill was re-introduced, and there were some minor changes made in it. We ran into the same opposition. We held very extensive hearings, and I think it was only after sixteen weeks that we adopted the gasoline-mile tax.

The truckers said it would cost too much to administer the tax because of all of these increments of 2,000 pounds, and they impressed the Committee with the fact that they should cut it down.

The Committee went into that and came up with a Bill, and provided increments of 10,000 pounds, so it

started at 28,000 pounds, and then jumped up in increments of 10,000 pounds, up to 78,000 pounds. That made only five classifications of weight.

This year, when making a more or less exhaustive study of that, it developed that since Ohio has a limitation on the axle loading -- and I presume you have, too -- in other words, a single axle limitation is 19,000 pounds, and on a dual or tandem axle with less than four feet spacing, it is 24,000 pounds, and on four feet or more, it is 38,000 pounds.

When we got to studying the relationship between these five increments, they immediately dropped into axle slots for commercial-user vehicles.

There was a direct relationship there.

One of the factors to which the motor industry objected was this; they said, "How will you check everybody to see that he is not exceeding this limitation? In other words, you charge him 2 mills for a 20,000-pound load, and then you charge him 2.1 mills for a 24,000-pound load. You cannot judge that close to 2,000 pounds, and in regard to your administrative costs, you will have to have so many weighing stations, and be constantly checking them, that your administrative costs will be too high, and you will have too many truckers ducking the thing, and that is bad."

The boys said, "Alright".

At that time, you had to get a permit for the size load you declared you were going to haul. If you got a permit to haul a 30,000-pound load, you did not dare haul a 40,000-pound load.

They said, "You will have to weigh every truck, to see that it stays within its limits".

When they found out there was a little direct relationship between our axle load permitted under the law, and the axles themselves, we went to the theory of the axle-load, figuring that it will be easier to administer, and it would be easy to check. We could issue a man a permit, and he pays on the basis of the number of axles on his vehicle. It is very easy to check it. You do not have to weigh it.

The law says how much a man can haul on that vehicle. If he has three axles, and has certain spacing, he is only allowed, by law, to haul a certain amount. That would simplify the administration; no question about that.

At the same time, it resolves itself down to the theory of weight-distance. The law fixes the weight on the axles, and we charge an operator for the number of axles, times the distance he drives. There are only the two factors, the axle-weight and the distance.

I do not know just how much you want to go into this thing.

I have here a chart which I will give you which sets up the state laws on axle loadings, and vehicle loadings.

The Federal government, after the last session, requested the Public Roads Commission, through a special Committee of the Legislature, to go into the theory of the third-structure tax in the United States, and they sent out a questionnaire to all of the various states which have the third-structure tax, asking them a lot of questions, and we had a number of answers to those questions, which were pretty detailed, and which dealt with the theory of the tax, and how it affected them, the monies they collected, and so on, and so forth. I want to give you one of these.

This (indicating) is the report we sent to the Federal government, and it does deal with all the various phases of it. I wrote part of the article and went considerably into the background. I told them how the tax was built up from the original 32 increments, down to the five, and finally ending up with axles.

This tells you quite a bit of the theory, and I will give you a copy of this, because I know it will answer a number of questions I have not. (See Appendix "B", pages numbered 1704 et seq.)

Now, the question is, what have we derived from it? As of last week, the total permits issued under that tax was 95,985, and of that, roughly, 96,000 permits, approximately 33,000 were issued in Ohio, and about 63,000 to foreign vehicles.

As Mr. Thormyer told you, Ohio is pretty much, what I like to call a "bridge state". Traffic from the other states must go through Ohio. We have the lake to the north and Kentucky and Virginia to the south. They cannot go to the north without swimming the lake, and they will not go up to your country, so where do they go? Right through our state. So we are typically a "bridge state", and we get approximately 40 per cent. of our traffic from out of the state; in other words we furnish roads for which we paid to the out-of-state truckers for nothing, and, as I say, 40 per cent. of the truckers on our roads are from out of the state.

They can carry these saddle tanks, and do not even have to buy any gasoline. They will load up at home with gasoline, and drive across our state, and not spend one dime. They would get their licenses in their own states, where they were registered, and we would get nothing out of them. So we were furnishing free transportation to 40 per cent. of the vehicle mileage in Ohio.

In order to let them pay their fair share of our roads, the same as our own people do, we put on this mileage tax. We consider that is fair, because they are only paying for what they get, and if they travel our roads for 50,000 miles in the course of a year, they will pay for 50,000 miles. There is nothing unfair about that.

MR. BRADLEY: Let me interrupt for a moment on a purely outside matter. We are mighty proud to have you here today, and if you have no objection, when we finish this illiterate dissertation by Mr. Leavens, we would like to have a picture taken of the group. Would that be satisfactory? I have a photographer ordered.

THE CHAIRMAN: That will be very fine, thank you.

MR. LEAVENS: We naturally ran into a great deal of opposition. It was something new, and the truckers did not like it, and they started throwing legal road blocks in our way, which was to be expected. In fact, we still have some of them to be overcome.

As I said in the beginning, we anticipated that the rates we set up would bring in an income of approximately $18 million a year. We have not realized that. As of last week, we have collected, for the calendar year of 1955, $1,947,054. I will leave these

figures with you.

MR. YAREMKO, Q.C.: May I interject a question here?

MR. LEAVENS: Yes.

MR. YAREMKO, Q.C.: In your studies, did you have any minimum figures you would have been able to attain, in order to make it feasible? Did you make studies to show that if you imposed the tax, you would recover $5 million or $10 million, in order to warrant the imposition of that tax?

Were there any such studies made?

MR. LEAVENS: Yes. Let us go into it from another angle, and I will tell you how we arrived at that.

This, and previous studies which were made, indicated we needed $42 million a year of additional revenue to bring our highway system up to tolerable standards. We levied the one-cent gas tax, which we felt would bring in about $24 million, and that left us still about $18 million a year short. So they had to hustle around and try to come up with another tax, and they came up with this gasoline tax, this third-structure tax.

From the New York study and the Oregon study, I think it will be found that our rates will not be

excessive.

We went into this incremental theory to a certain extent, and stepped our rate up to try and resolve it with the theory that it was incremental, that is, that everybody would pay on the weight mileage.

This is how it worked out. We set them to get $18 million, and at the same time we fixed a rate on the class of vehicles -- it is rather hard to tell it -- in the weight class, which would pay the deficient amount of revenue, and we figured we would come up with about $18 million. As I say, we have not done that. We got approximately $12 million last year.

However, due to the litigation, we are not getting what we should, because many of them are not paying, and many of them have never bothered to take out a permit. We have been very lax in enforcement. We tried to educate them. We do not want to be "Simon Legrees", and we do not want to make it a punative tax. A lot of these fellows did not even bother to make reports to us.

MR. BRADLEY: That is due, I think, largely to the fact that they tried this from various angles, and they went to the Supreme Court and the final case was on the question of constitutionality. They made a separate case out of it. It is simply delaying action.

I do not think it has been decided yet.

Some of these fellows are not paying, holding out on the ground that it is illegal and I think they will continue to hold out -- at least some of them -- until the Supreme Court has ruled on the question of constitutionality. I do not know when the decision will come down, but I do not think it will be out now until next fall.

MR. LEAVENS: I do not think so.

The Tax Commission, which is an administrative body, has made an assessment against those whom they knew have operated in Ohio as their auditors found them out, and included those who have failed to send in returns, or have not bothered about it, on account of the litigation.

However, there is still due us $3,500,000. In other words, we got approximately $15,500,000 in spite of the fact that they have flagrantly violated the law.

We will not miss, once we get into operation, and have clear sailing legally; we will not miss getting the $18 million, I do not think, by very much.

You asked if we used a basis that shows an equity. That is what this tax is, basically, as set up. It is an equitable taxation on motorists and

truckers both.

We put on the one-cent tax, and that put a little more on the motorists, but when we put the gasoline tax on, we put it on those vehicles which were deficient in their over-all payments.

For instance, in regard to the gasoline tax, in the State of Ohio, the automobiles paid better than 70 per cent. of it -- those little passenger cars; and the truckers were only paying about 30 per cent.

As it costs between 40 per cent. and 50 per cent. more to build the roads for the trucks, than it does for the passenger cars, you are ducking your responsibility when you go to the fuel tax only.

MR. MacDONALD: May I interject at this point, because we have had a great deal of discussion in regard to figures, and perhaps I can move into it by quoting the figure which was allegedly made in California, to the effect that: "52 per cent. of the cost of building the highway which operates to meet the requirements of 4 per cent. of the traffic".

You say "40 per cent." or "50 per cent."?

MR. LEAVENS: Yes. It was in the Committee hearings. I think the Director testified before the Committee that 40 per cent. was a conservative figure. We try to stay on the conservative side.

You can take some of your little provincial roads; they are good roads, as long as you keep your heavy traffic off them, and confine the use of them to light traffic.

But if you build a section of new road, and detour the heavy traffic over it, the road is gone, almost over night. That should be proof enough to everybody that it is the weight which has done it.

MR. MacDONALD: In your incremental, where do you figure your line of demarcation comes in?

MR. LEAVENS: He started the incremental studies from 4,000 pounds up, so we may again develop the same user responsibility from automobiles clear up to the heaviest trucks.

MR. MacDONALD: Where does it become serious?

MR. LEAVENS: It becomes serious after the 18,000-pound limitation, as we see it.

However, in Ohio we did not go that low when we go to the axle tax. We go from three axles on up.

MR. THORMYER: So we are beyond the 4,000-pound point.

MR. LEAVENS: Yes. We are beyond the 18,000-pound point. They objected to us going that low, the theory being that it was the large, multiple-unit

vehicles which were doing most of the damage, and we should start with them first. They were the ones, as shown in our analyses, which came the furthest from paying a fair share of the costs.

MR. MacDONALD: So the three axles, being equated with tonnage, took you from 20,000 pounds up?

MR. LEAVENS: No, three axles is high; theoretically, you can haul around 50,000 pounds.

MR. BRADLEY: But you cannot get the distribution properly?

MR. LEAVENS: No.

MR. BRADLEY: You made the statement, Mr. Leavens, that 40 per cent. of the traffic was interstate? You are referring to truck traffic?

MR. LEAVENS: I am referring to truck traffic. That was the traffic we were after. It was these multiple-unit trucks to which I was referring.

We had a return since this tax has been on, and it figured out around 36 per cent. or 38 per cent., so our estimate is very close to right.

MR. AULD: How well is the axle-weight limit enforced in Ohio on the state highways?

MR. LEAVENS: Very well. The Highway Patrol has the enforcement of that, and they have weighing stations all over Ohio.

MR. AULD: I think it was said this morning that if the weight enforcement was not thorough on the state highways, but was done automatically on the Turnpike, if there was any serious overloading, there is another advantage to using a free road without paying the toll rate, because he can "get away" with the overloading.

MR. LEAVENS: However, on the toll road, he can haul more than on a freeway. Their limits are lower. I do not know why, but they are.

MR. AULD: With the axle-mile tax; that is easy to administer from the point of view of proving the number of axles, but it would fall down, unless you have a good enforcement system.

MR. LEAVENS: We have an enforcement system to enforce our state laws, and the axle loads.

MR. BRADLEY: I might add that we have weighing stations.

It is impossible in this state -- and it is not like it was in some of the western states, where every point of entry has a weighing station -- in Ohio, that is impossible, because we have so many points of entry.

But we have on many roads permanent weighing stations, some of them operating around the clock.

Then we have the portable weighing stations, and those things paid for themselves mighty fast.

They just hook a pick-up truck to it, and drive over any highway. The truckers pass the word along that a portable weighing station has been set up, and it is a deterrent, because we can take the portables and move them anywhere. It has been of great help. We have only had them two or three years.

MR. LEAVENS: In regard to "equity"; this was brought out in the Committee's hearings.

The truckers, at the last session, tried to introduce a Bill to knock out the axle tax. It was shelved, and the gasoline tax had some of the little "bugs" which were in it taken out.

They then went to the Batelle Memorial Institute here, which is a private research organization, and asked them to make a study of Ohio taxes as regards trucks and passenger cars, and they evaluated it on a distance and weight basis, and here is what they came up with:

"With the axle tax, passenger cars were paying 2.19 mills per ton mile, weight and distance.

Two-axle trucks were paying 2.39 mills per ton mile.

Three-axle trucks were only paying 1.46 mills

per ton mile.

Five-axle trucks were paying 1.35 mills.

A full trailer outfit would pay 1.38 mills."

You can see that a several-axle outfit was one which was highly deficient as you reduced it to a weight-mile basis.

But when we did it, we came up with passenger cars-- and still do -- at 2.19; two-axled truck, 2.39; on three-axle trucks, it is now 2.17, almost within a couple of hundredths of a passenger car; the five-axle truck, 2.24 -- only five one-hundredths of a mill difference; and with a full trailer, it is 2.37.

So, on a ton-mile, we are almost equitable in all cases of motor traffic.

That is why we think the Ohio tax is fair, and does not work a hardship on anybody.

Mr. Ralph Riley, the Legislative agent for the Truckers Association of Ohio, testified before the Committee, that it only took one girl in his office to do the paper work, so it was not burdensome, and not what they said it was going to be.

He has a large interstate operation. I forget how many dozen trucks he has.

MR. ROOT: What percentage of this axle tax

does it take to administer it?

MR. LEAVENS: Between 3 per cent. and 4 per cent. I think that is all here (indicating), too.

It was said by somebody at one time that it would be as high as 25 per cent. They were trying to scare us on this basis.

MR. ROOT: You say the axle mile is easier to handle than the weight-mile; is your cost of administering lower than New York State and other states, where they have the ton-mile?

MR. LEAVENS: I think we are just a little lower, yes. We have not been able to get true figures, and have only been in operation a little over a year, and we had to have our first costs amortized over a period of years.

I think it is around 3 per cent. or 4 per cent. These figures we had directly, not what they told us it would be.

The Tax Commission's estimates very nearly held up. If you want to get into that a little deeper, you could go to the Tax Commission.

MR. ROOT: I have heard the cost of administering the ton-mile tax runs very high, both for the truckers and the state, but in New York State was their weight-mile tax lower than the ton-mile?

I am trying to clear in my own mind which was the easier to administer.

MR. LEAVENS: We thought it would be cheaper to administer. The more inequitable a tax is, the more it costs to administer.

MR. EMMONS: That was owing to the fact that we had weighing stations, before we had the axle-mile tax.

MR. LEAVENS: Yes. Our law already fixed the weight of the axles.

THE CHAIRMAN: How many weighing stations have you in your state?

MR. LEAVENS: Frankly, I cannot tell you.

MR. BRADLEY: I do not know.

MR. EMMONS: I think it is about 15.

MR. BRADLEY: 18 permanent, and about 20 portable.

THE CHAIRMAN: We have 23 in operation now for the enforcement of our present licenses.

The next question I would like to ask is, how you arrived at the relationship between gross loaded weight, which you express in terms of axles, for the purpose of this tax?

MR. LEAVENS: We express it in terms of axles, but the state law already had fixed the gross load

on axles, and we took that figure.

THE CHAIRMAN: Is that the maximum gross?

MR. LEAVENS: Yes. At the last session of the Legislature there was introduced what they called the "5 per cent. Tolerance Bill", where the truckers complained. They said that on an icy day, the vehicle would accumulate a coating of ice, and if they pulled up onto a scale, they would have a few hundred pounds overload, and would be fined. They said, "We want a 5 per cent. tolerance". They have it in some states.

That is what happened four years ago. They asked for the same thing.

The American Association of State Highway Officials had recommended 18,000 pounds, and when the truckers asked for a tolerance of 5 per cent. we figured that 5 per cent. of 18,000 pounds was approximately 900 pounds, so the State of Ohio said, "Alright, instead of 18,000 pounds, we will give you the 19,000-pound axle", because the term "5 per cent. tolerance", while it sounds good, does not sound like much, so we decided to give them a raise of the load limit, and we said, "Alright, instead of giving you a 5 per cent. tolerance, we will make it a 19,000-pound axle limit, and that is it -- period. If you go over that, it is just too bad."

This time, they came along and tried to get it

again. We fought them on that pretty hard, and they said, "Here is a trailer"-- I will give you a case in point --"and we load a bulldozer on it, and we have to space it exactly right, to get the right loading on each axle, but going up a hill, or making a sudden stop, the bulldozer shifts, and that takes part of the load off of one axle, and because of that, we are disobeying the laws, because we are overloading on one axle, and we want a tolerance."

They finally gave them a tolerance Bill of 1,000 pounds. But we have some strings tied to it.

In other words, we do not let a man overload 1,000 pounds. So if they have an axle which shows 19,000 pounds, and the next axle is 18,000, and the last one is 19,000, if the tractor shifts, and puts an extra 1,000 pounds on the rear axle, there would be a thousand pounds coming off the front axle, so we allowed that. But they cannot put 1,000 pounds on the front axle, and overload the rear axle. They can equalize the load, so the load limit will not exceed that set by law.

It is a tolerance. We allow equalization, but we do not allow them to make a practice of overloading their vehicles, because, if they overload one axle, they must reduce the other.

MR. ROOT: That is because the weight is fixed?

MR. LEAVENS: Yes.

MR. MacDONALD: If I grasp your outline of that correctly, you finally chose the axle-mile tax rather than the weight-distance tax with all these small incrementals in it, because you discovered that the axle load dovetailed very roughly with the 10,000-pound incremental ?

MR. LEAVENS: That is right.

MR. MacDONALD: Is this dovetailing exact enough that it does not violate the equity of the tax?

MR. LEAVENS: It does affect the equity to a certain extent, yes. But you can see from the figures I gave you that we are not too far off. There are a few hundredth mills difference. But there was another angle of equity which came in there, too, possibly which this tax does not take into account.

Take furniture hauling for instance. They have to have long vans; a van has to have three axles, and that gives them a good load, but probably would not be 40,000 pounds. On the other hand, take a vehicle hauling steel, and he will work on the same number of axles, but may put the full 78,000 pounds on, so there is that inequity still existing.

There is another inequity which might creep in. We charge so much a mile whether loaded or empty. However, in setting these rates with that incremental theory, I think the percentage, from the studies we have made, show that practically all the units run about 60 per cent. loaded, and 40 per cent. light, and that was taken into account.

MR. MacDONALD: You figure the axle approach to it dovetailed with the 10,000-pound figure, and dovetailed sufficiently so that there was no great inequity, and made your administrative work much easier?

MR. LEAVENS: Yes.

MR. COLLINS (Secretary): Perhaps you are a little sorry to lose your 22 incrementals?

MR. LEAVENS: Yes, but that was the most equitable thing we could get into, when you base it on an incremental of 2,000 pounds.

MR. MacDONALD: Which depends on the weight distance?

MR. LEAVENS: Yes.

MR. MacDONALD: Would not the test of how much more feasible it is be reflected in the percentage of it over the revenue, which has to go for administration?

MR. LEAVENS: It should be, and we think it

will after we have had it in force for two or three years. Then we can draw some of the parallels.

You spoke about the cost of administration; that is in here (indicating) and it is 4.2 per cent., if I remember correctly.

MR. THORMYER: If I understood the question, it was "Is it not possible that the added revenue to be derived from small incremental classifications, justified the added cost of administration?".

MR. LEAVENS: I think it would.

MR. MacDONALD: I was wondering how the 4 per cent. administrative cost compares with New York, where they have heavier weights with smaller classifications.

MR. LEAVENS: I do not know. They have to add their enforcement into it.

MR. ROOT: I think they said 8 per cent.

THE CHAIRMAN: All their weighing stations are included in the 8 per cent., but here they have weighing stations set up and operating for this purpose.

MR. LEAVENS: You may sacrifice a little equity, but you make it a lot easier. Truckers do not mind keeping books on it, so much. They have to keep the interstate records on a mileage basis.

MR. COLLINS (Secretary): I think you are less for two-axle vehicles.

MR. LEAVENS: We started with three axles, because on analysis, it showed when you put it on an axle basis, it is from three axles up.

MR. COLLINS (Secretary): What about the two-axles hauling gravel? They do a great deal of damage at home.

MR. LEAVENS: Yes, but according to the analyses, they are paying their fair share. It is the multiple-unit boys who seem to be doing the damage.

He says here:

"The actual costs as reported for the year are as follows: Department of Taxation, $404,737; Bureau of Motor Vehicles, $82,000; Treasurer of State, $8,000; and the Auditor of State, $1,000. These amounts add to a total of $495,737 which is 4.2% of the actual collections ($11,724,142) for the fiscal year."

MR. BRADLEY: I will declare another short recess.

---Whereupon a short recess was had.

---Upon resuming.

MR. BRADLEY: Gentlemen, we will resume for a short period. I understand there are a few more questions in the offing.

MR. MacDONALD: I have one question which

perhaps you have answered, and that is regarding the point where you begin to apply your tax is away beyond that in Oregon where they start at 4,500 pounds.

Do you anticipate bringing that level down as you get into it, or do you figure you will leave it as it is?

MR. LEAVENS: That is up to the Legislature. However, in view of this Batelle report, which shows, when evaluating the ton-mile basis, we are nearing the same for all classes of vehicles, I doubt if there will be any differentiation.

MR. HEIER: Two axles are largely a daytime operation, whereas, when you get into the three axles and up, they are doing the over-the-road haulage, and are using the road practically all the time.

With two axles, you can get about 38,000 pounds to a vehicle, but you probably would not reach that. The two-axle vehicles are used mostly in the daytime.

MR. AULD: It was suggested to us that the disadvantage with the tandem axles was there was a tendency for people to carry heavier loads on two axles; in other words, there would be a registration of two axles, which would be carrying the maximum.

MR. BRADLEY: That is true. There has been

some of that done in this state. They converted three axles to two axles, and loaded them to the limit.

I agree that does not help any, but they are still within the law.

MR. AULD: Would you say there was any sizeable loss of revenue due to that feature?

MR. BRADLEY: I do not think so.

MR. LEAVENS: Our revenues have been increasing right along.

MR. AULD: With the increased wear and tear on the highways?

MR. BRADLEY: No, because their axle load is no greater even then than with the other trucks.

I think perhaps one reason we do not start any lower was there was not much propaganda to change the method of taxation, and we thought that practically all of our roads are physically constructed so they will carry the minimum load. They are practically all constructed to that.

One of the primary reasons for this up-grading is the fact that your larger trucks with the heavy loads are detrimental to the highways, but when you get trucks down around 20,000 pounds, I do not think there is much damage to the highways, compared with

when you get up to 50,000 pounds or 60,000 pounds.

MR. LEAVENS: There is another factor which enters into it, and which has an impact on the excessive load on axels. The closer you space your axles, the more impact you will get, and there is a peak factor set up, too.

MR. MacDONALD: Some opponents to the axle tax say that it is basically not sound, that the more axles you have, the more you distribute the loads, yet you charge them on the number of axles?

MR. LEAVENS: That is right.

MR. BRADLEY: They can still go to 19,000 per axle -- and they do.

MR. AULD: Can anybody tell us what the practical maximum load is on the front axle, of a two-axle vehicle, even allowing for the 19,000-pound limit?

MR. LEAVENS: We figure 7,000 or 8,000 is about the highest on the front axle -- the steering axle,-- except in a few classes of vehicles.

There are some classes where the engine is out in front, snub-nosed vehicles, and some will haul lumber, and some trucks will be hauling long pipe, and so on, and they have these high vehicles, with the load underneath, and they can take advantage of

putting the full axle limit on the front.

MR. AULD: Actually you think, to all intents and purposes, the maximum load you could put on a two-axle vehicle would be 26,000 pounds?

MR. BRADLEY: That is right, for practical purposes.

MR. ROOT: There is one question which Mr. Robarts (Chairman) told me you answered, but I guess I was not listening.

You estimate 40 per cent. of the time the trucks are running empty. Did you take that into consideration?

MR. LEAVENS: That is right. That was taken into consideration when the user responsibility was calculated. It was part of the incremental allowances.

MR. MacDONALD: Do you make any exception for a particular kind of haul which might go beyond the 40 per cent.?

MR. LEAVENS: Moving vans only.

At the last session of the Legislature, they passed a law exempting moving vans from the gasoline tax, because the bulk of their time is spent loading and unloading, and are not using the highways.

I think, however, there is a string tied to that; they are exempt, providing the states through

which they travel make similar provisions. For instance, if they travelled in New York, they would exempt our vehicles, and we would exempt theirs, when travelling in Ohio.

MR. MacDONALD: What about the oil-tank trucks, and trucks moving automobiles?

MR. LEAVENS: No exemptions.

MR. BRADLEY: We have a permit section for specific overloads. They can go to the Highway Patrol and make out an application.

For instance, a contractor wants to move a piece of his equipment. When applying for an application, they take into consideration the type of road he is going to move over, and take into consideration the weather, whether it is wet or dry.

There are a number of factors involved. Of course, the main factor is the strength of the bridges.

How many thousand bridges have we in this state, Mr. Leavens?

MR. LEAVENS: 10,000.

MR. BRADLEY: They are not all up to the 78,000-pound limit, and we have to figure on that, when we grant the permits.

MR. MacDONALD: The permit specifies the route they shall travel?

MR. BRADLEY: Yes.

Is there anything else, Mr. Chairman?

THE CHAIRMAN: I do not think so, Mr. Bradley.

MR. ROOT: Just one question. What is your system of checking mileage, or is that self-assessed?

MR. LEAVENS: We have no way of checking it. Of course, they have to make their quarterly reports, and we can only send auditors out to check the books.

There is not too much trouble with that, because they must make the same type of reports to the Interstate Commerce Commission. They did that before the gasoline tax was put on. So we have a check there, and we can go back to the Interstate Commerce Commission records and check against them.

MR. ROOT: There has been no thought of putting a seal on the speedometers?

MR. LEAVENS: No. We start out on the premise that every man is honest.

THE CHAIRMAN: And that is the proper basis upon which to start.

MR. LEAVENS: We assume that they are all honest.

MR. BRADLEY: The auditors start out on a different premise.

THE CHAIRMAN: Before we break up, I wonder

if we could get copies of the various reports you mentioned.

MR. LEAVENS: Yes, I will be glad to have you go down to my office, and I will fix you up with quite a great deal of information.

THE CHAIRMAN: These (indicating) are very, very exhaustive, and we will reproduce them and distribute them to the Committee, and they will be useful when we hear some of the antis' arguments we expect to get.

MR. MacDONALD: The Batelle report sounds very interesting.

MR. LEAVENS: It is rather a voluminous thing, but I am giving you the figures which were testified to in a public meeting, so they cannot be disputed.

MR. BRADLEY: We will adjourn now, and come back after luncheon to get copies of any information we may have here.

---The Committee adjourned at 12:45 o'clock to reassemble in Suite 2112 of the Deschler-Hilton Hotel, where a luncheon was tendered to the State officials who were present at the conference in the morning.

- - - - -

---After luncheon, the further proceedings of this Committee adjourned to reconvene in the city of Port Arthur, in the province of Ontario, at a date to be fixed during the week of June 17th, 1956.

- - - - - -

APPENDIX "A"

THE CASE FOR THE WEIGHT-MILE TAX

R. H. Baldock

State Highway Engineer of Oregon

Presented by G. C. Hester, Jr., Administrative Assistant
at the meeting of the
Western Interstate Committee on Highway Policy Problems,
Council of State Governments

Phoenix, Arizona, April 4, 1952.

In speaking for the weight-mile tax, my primary concern is for an adequate presentation of the subject, because I am confident that this form of tax will speak for itself if properly understood. The principles involved are so clear-cut and so closely related to the fundamental issues governing motor vehicle tax requirements that it is not necessary to lead you through a complex series of mathematical gymnastics nor take you through a maze of theoretical detail to explain this form of tax. Therefore, in the following discussion I shall simply describe the salient features of this tax and point out certain controlling factors which you may test with your own logic.

First, however, I wish to emphasize that the Oregon use tax and the subject of this discussion is termed a weight-mile tax, and not a ton-mile tax

as indicated in the program. While terminology as such means nothing, it is of the utmost importance that these two forms of tax not be confused with each other because there is no relationship whatsoever between their respective principles, theories, or effects. This misnomer which is commonly applied to the weight-mile tax is one to which we in Oregon are especially sensitive, since we had a ton-mile tax in effect from 1933 until 1947, during which period extensive studies were conducted by successive legislative highway interim committees in co-operation with the State Highway Department with a view to devising a more equitable and rational means of applying a highway use tax.

In 1935 the State Highway Department, working under the direction of R. H. Baldock, devised the weight-mile or vehicle-mile tax which was recommended for adoption by the legislature meeting in 1937. The principle was finally adopted in 1947, ten years later.

The ton-mile tax is an arbitrary rate which is multiplied by the weight of the vehicle and the mileage traveled to obtain the tax payment. As a method of applying the use tax it may not be without merit, in that it includes factors for the important functions of highway cost represented by weight and

mileage or extent of use. However, the ton-mile tax is based upon the assumption that ton-miles is a measure of benefit, and such relationship as may exist between the tax payment and cost responsibility of the road user is purely coincidental.

Regardless of its practical value, its inherent weaknesses in theory and principle leave the ton-mile method of taxation vulnerable to attack. This feature has been exploited by interests which are opposed to the Oregon use taxes by the process of directly or indirectly classifying the weight-mile tax with the ton-mile tax and then pressing an attack on the ton-mile tax.

The weight-mile tax is a graduated mileage tax in which a specific rate per mile is fixed for each weight group of vehicle; hence, the term "weight-mile" tax. This mileage tax is not derived from any flat rate multiplied by the tonnage of the vehicle, as in the ton-mile tax, but is a schedule of rates which is based upon the relative cost responsibility of the various classes of vehicles. The maximum declared combined weight was adopted for groupings as a means of classification because it was found early in our studies that a reasonable uniform relationship exists between weight capacity and size, so that

such groupings offered a suitable basis for application of cost factors involved in both structural and geometric features of design. In other words, under the weight-mile tax the mileage rate is based upon the cost responsibility of the class of vehicle operated, and not upon the load carried at any certain time. Since this is a class rate, it is immaterial whether a vehicle is loaded or empty. As a matter of fact, most operators average little more than fifty per cent. of their maximum declared weight. Operators such as petroleum haulers, cement haulers, lumber haulers, et cetera, habitually travel fully loaded one way and empty the other; while dry freight haulers, due to the bulk and variety of their cargoes, seldom average more than sixty per cent. However, the size is constant and the maximum weight that can be carried by the vehicle legally must be provided for in the facilities. Therefore, a uniform rate for each class appears reasonable.

With this understanding of the basic mechanics of the weight-mile tax, we may proceed to a more comprehensive view of its function in fulfilling the requirements of a motor vehicle tax plan. The rapid development of heavy motor transport during recent years has created a cost demand on the highway system which

must be met with adequate revenues. Furthermore, the importance of this medium of commerce to the general economy demands that the tax burden be fairly distributed among the wide variety of road users represented thereby.

The weight-mile tax offers a solution to the tax problem with respect to heavy motor transport. It is not a theory any more than the gasoline tax or the license fee are theories. It is a sound and tested method of applying a highway use tax to operations for which the fuel tax is inadequate and unsuitable. It is more than a method of allocating highway costs; it is an effective method of distributing those costs in the form of an equitable tax.

Of couse, "equity" is frequently considered by some groups of road users to be any situation in which somebody else pays the tax. But from the standpoint of sound economics it consists of collecting the required costs from the road users in proportion to their responsibility therefor. Then, if we can determine how this cost responsibility is accrued, the requirements of a suitable tax plan should be clearly indicated.

The cost of highways is fixed by three controlling factors: (1) the extent of facilities needed;

(2) the geometric design or type of facilities required; and (3) the structural features or strength of facilities required. Of course, these factors are iterrelated, but in general, the extent of facilities needed is determined by the traffic mileage or extent of use which must be provided for; the geometric design or type of facilities required is determined by the size and power limitations of vehicles which must be accommodated; and the structural features or strength of facilities required is determined by the weight which must be supported and the frequency with which the weights occur. The latter is particularly important due to the fatigue of materials which results from frequent applications of loads close to the design limit of the facility.

Other conditions such as topography, climatic conditions, et cetera, influence the cost requirements of highways, but these in turn are controlled by the factors mentioned before. For example, the very rough topography and severe snow conditions encountered on the five all-year highways which Oregon maintains through the Cascade Range of mountains make the costs for construction and maintenance of these highways much greater than for similar roads in the Willamette Valley. But the very presence of these roads in

the Oregon highway system is due to the requirements of traffic, which goes back to the extent of facilities required. By the same token, the cost identified with structural features and features of geometic design such as width, curvature, grade, et cetera, which are required by larger, longer, heavier vehicles, are multiplied many fold in highways which must be located through rough topography. But, again, the presence of such additional costs is due to the requirements of certain classes of road users.

It is therefore manifest that each operator, by his use of the highways, creates a cost demand the magnitude of which is measured by the size and weight of the vehicle operated and the extent of use or mileage operated on the highway facilities.

The great majority of road users are represented by automobiles and similar vehicles, all of which are in the same general size and weight class. The first step in considering the requirements of a suitable tax plan should be determination of the cost of providing highway facilities for this basic group of road users. Then, if we determine the increments of additional cost identified with each succeeding weight group or class of vehicle and establish appropriate mileage rates for the payment of the tax,

we have resolved the cost responsibility of the various road users into their respective tax obligation.

The increment method is used in Oregon as a basis for allocation of highway costs among the various classes of road users. This method is based on the postulate that any special cost which is incurred for the benefit of any special group should be borne by that group. The procedure employed in this method consists of determining the costs of providing facilities for the basic class of vehicle, including automobiles, station wagons, pickups, panel trucks, and other vehicles of the same general size and weight. Then, the additional cost required to provide facilities which will accommodate each succeeding size and weight class is computed. With this information as a guide, the schedule of rates for the mileage tax is established to recover the appropriate share of total highway costs from heavy motor transport and to distribute this share in accordance with the responsibility therefor.

It cannot be claimed that this method of allocating costs and the accompanying weight-mile tax for their distribution represent perfection, but within the limits of practicability, they represent a reasonably close approach to the desired end. No perfect method of taxation has ever been or ever will be devised. A

perfect tax would yield adequate revenues, be exactly fair in every case, require no administration, and be collected without inconvenience to the taxpayer. It is obvious that some compromises are required and that adjustments will be necessary from time to time as conditions change, but it is of vital importance that there should be no compromise in the objective of the tax nor in the fundamental principles on which it is based.

There is one text that any tax plan must meet to merit consideration; that is, it must return the required revenue. All efforts should always lead toward this objective. In the case of a highway tax, the required revenue is the amount of money required to construct, maintain and administer the highway plant.

Rational consideration of the motor vehicle tax problem has been impeded by the development of a flurry of novel theories leading directly away from this objective. From an academic standpoint, these theories offer much to titillate the imagination; but from the standpoint of the motor vehicle tax problem, they have a negative effect because they take us away from the fundamental issues. Examples are the "space occupancy" theory, the "ability to pay" concept, the "cost operating" theory, and many others which attempt

to justify a tax based on anything other than the one factor which constitutes the sole purpose of the highway tax in Oregon and which represents the primary requirement in any highway tax; namely, the cost of providing highway facilities.

At this point I wish to emphasize that my reference to various theories which are currently receiving attention is in no wise intended to depreciate any research or study which will throw light on any subject relating to highways or the use thereof. However, I do wish to point out the hazard whereby such studies may be perverted by an attempt on the part of special interests to relate them to the issue of tax responsibility and thereby obscure the true objective of highway taxes.

For example, the "cost operating" theory as a factor in measuring road-user benefits is vital in highway economic studies. We use this factor daily in Oregon in our analysis of proposed highways and in economic studies of existing highways to determine the benefits resulting from the proposed improvement in relation to the cost. Data on this subject which is currently being gathered in the state of Washington should contribute valuable information in the field of highway economics; but as a basis for allocating tax responsibility, as suggested by some observers, it

would have no logical or scientific support, for the reason that this theory is based on the cost of operating vehicles, not the cost of building highways. Cost responsibility cannot be adjusted to the economics of an operation, since an economically unsound operation should certainly pay the costs which are identified with it. It should not be subsidized.

Vast sums are now being spent for the modernization of important highways, which substantially benefit heavy motor transport in the form of reduced operating costs. To accomplish this purpose and to make these benefits available now instead of in the distant future, deficit financing is frequently employed as in the case of Oregon where $40,000,000 in bonds for this purpose are being sold.

An example of improvements now being made is the new location of the Columbia River Highway between Portand and the Dalles. The completed improvement will cost approximately $24,000,000 and will benefit the road user by a savings in rise and fall of over 6,700 feet and a savings in curvature of over 50 complete circles.

If a study of operating costs were made in Oregon today, the great savings accomplished by this huge expenditure would be reflected in relatively lower

vehicle operating costs, thus indicating, in accordance with the "operating cost" theory, a lower tax responsibility than would otherwise have been the case. In other words, if this theory is used as a basis for determining tax responsibility, we have a situation in which the tax responsibility is less as the tax requirements are increased. What kind of a tax plan is that:

Again, I wish to emphasize that no aspersions are being cast at honest efforts in the field of research and study by economists and engineers. I only wish to point out the hazard of being misled in the application of theories which are plausible in detail but lead away from the objective of a highway tax.

Returning to consideration of the weight-mile, it is interesting to note that the principles involved therein are not new in the field of motor vehicle taxation, but have long been recognized and universally accpeted in the gasoline tax which Oregon pioneered in 1919. For automobiles and other vehicles in this basic class, the fuel tax offers an ideal means of applying the use tax. This is true for the reason that all vehicles in this class are of the same general size and weight, operate as individual units, consume the same type of fuel, and operate with the

same general degree of efficiency. In this case, the rate per mile is fixed by the amount of gasoline tax and the mileage traveled determines the fuel consumed and the total tax paid. However, in the case of heavy motor transport, the fuel tax as a means of applying a use tax is completely unsuitable, for the following reasons:

1) Differentials in efficiency between gasoline and diesel fuels result in different use payments for vehicles of the same size and weight class. Attempts have been made to reconcile this difference in some states, but the results have been inconclusive at best due to the many variables present.

2) The operation of combinations (truck and trailer or truck and semitrailer) has become prevalent, in which case no fuel tax is paid on the use made by the towed vehicles and the fuel consumed by the tractor is not increased proportionately. It is obvious that a truck and trailer of like weight are two vehicles in their effect upon the highways; and it appears reasonable that an operator with two vehicles, one of which has no engine, should pay the same highway tax as another operator with two self-powered vehicles of like weight.

Furthermore, in the case of combinations,

the fact that the two vehicles are habitually hooked together actually creates an additional oost demand with respect to geometric features of design over and above that required for individual units, due to the increased requirements for passing distance, sight distance, et cetera.

3) Trucks using the highways of one state may operate primarily or entirely on fuel purchased in other states, resulting in little or no payment of use tax to the state concerned.

4) The advent of new fuels such as butane, propane, et cetera, each with different characteristics, and the development of new types of power plants, introduce variables of indeterminate magnitude.

Therefore, it is clear that consumption of fuel in no wise measures the use of all elements and weight classes of heavy motor transport, and it is impossible to apply predetermined mileage rates for trucks by means of a fuel tax. If we are to apply to heavy motor transport the same principles of a use tax which have been uniformly endorsed for the automobile, we are led to the ovvious conclusion of simply charging each vehicle a mileage tax based on the rate which has been determined for its particular class. That is just what is accomplished with the weight-mile tax in

Oregon.

The uncontrollable variables introduced by fuel tax in the case of heavy motor transport are eliminated by eliminating the fuel tax on all fuels consumed by such vehicles, except gasoline. It was impractical to remove the gasoline tax because it is collected at the source and constitutes the use tax for the great mass of basic vehicles.

In applying the weight-mile tax, the portion of mileage taxes represented by gasoline tax payments was computed on the basis of reasonable consumption rates for each weight class of vehicle, and credit allowed therefor in the form of a reduced schedule of mileage fees applicable only to vehicles consuming gasoline purchased in Oregon. The two schedules thus provide the same total mileage payment for all vehicles within each of the respective classes, regardless of the type of fuel consumed or other operating characteristics.

On the other extreme from the scientific approach to the motor vehicle tax problem, arguments are frequently advanced for the use of a registration fee as a major source of revenue in the interest of simplicity. It cannot be denied that this is one of the simplest of all forms of taxation, but it also has

the least claim to equity, due to the wide variation in mileage among the great variety of operations found in heavy motor transport. It is not economically sound, for the following reasons: 1) If the fees are set high enough to return the required revenue, they will be prohibitive to small, low-mileage operations; and 2) if the fees are set low enough to be within reach of small, low-mileage operations, they will not return the required revenue.

This has been demonstrated recently in the state of Illinois, where registration fees have been emphasized as a revenue measure for trucks. The last legislature enacted an increased graduated registration fee to return the required revenue. This law was attacked in the courts of Illinois by the truck operators themselves, who based their attack on the claim that it was unreasonable and discriminatory because the operators at low mileages were charged the same as those operating their trucks at high mileages. The lower courts have sustained the contention of the trucking interests by declaring the law unconstitutional. I have not yet heard of later developments, but the final outcome is immaterial to the point at hand; namely, the recognition by jurists and trucking interests alike of the obvious inequity of this method of highway taxation.

Opponents of the mileage tax argue that evasion is present in such a tax. They point out that the interstate operators and all of the large operators must keep complete records and therefore pay all taxes, whereas some small independent or private operator may make a few special trips that are unreported and cannot be found through audit. For the sake of argument, we may concede this to be true in isolated instances, but such losses are negligible with respect to the total tax return.

On the other hand, it is interesting to examine the situation existing with the "simple" tax structure consisting of a fuel tax and a relatively large registration fee. Evasion is said to be impossible under this plan. Let us consider the case of an interstate operator who owns three trucks and operates them in three states, with a modest total annual mileage of 60,000 miles per truck distributed equally among the three states. If we view this situation from the position of any one of the states, we observe a condition where three trucks average 20,000 miles each on the highways of the state. However, under reciprocity agreements such as those now in effect in Oregon, only one of these trucks would be licensed in this state, and the other two trucks would

be paying no registration fees for mileage as great as or greater than the average obtained by intrastate operators.

"However, there is still the fuel tax", we say. But upon closer inspection, we find that the fuel tax rates in the adjoining state are lower, so it is quite likely that fuel will be purchased to the maximum extent possible in the other state, leaving little or no tax payments to the state in question. Those seeking simplicity should be overjoyed with a situation such as this, where the problem has been reduced to its most simplified form -- no' tax! Here, we find a major omission in place of a minor evasion.

The example used represents an extreme situation, of course, but it illustrates a condition which is present to a more or less degree in every such case. Actually, the revenye outlook of the state in question is not barren, due to the fact that the local truckers, the log and lumber haulers and intrastate operators who serve the many isolated communicites which are not reached by any other means of transportation and on whom the economy of the state is dependent, get the full tax treatment. They must carry a burden equal to and, in some cases, greater than the long-haul operators who are in the business of competitive

transporation. I submit that this is neither equitable nor desirable.

Having considered certain controlling factors affecting the taxation of heavy motor transport, together with the shortcomings of the fuel tax and the registration fee as a means of applying such a tax, we may turn again to the weight-mile tax.

In summary:

1) The weight-mile tax is directly related to the cost of providing facilities for each class of vehicle and, therefore, is in keeping with the primary objective of a highway tax.

2) It may be adjusted to return the required revenue and still retain the economic balance among a wide variety of operations.

3) It is fair and equitable, in that it is paid in direct proportion to the use which is made of the facilities and all vehicles in each class pay the same tax per mile.

4) It may be administered with reasonable efficiency. The cost of collection has averaged approximately 4½ per cent. of the gross revenue for the past several years in Oregon, and losses have been negligible.

- - - - -

APPENDIX "B"

State of Ohio

Office of the Governor

COLUMBUS 15

November 7, 1955.

Mr. August Schofer, District Engineer,
United States Bureau of Public Roads,
85 East Gay Street,
Columbus, Ohio.

Dear Mr. Schofer:

There is respectfully submitted herewith, six copies of a report compiled by various departments of state government in Ohio in response to a questionnaire of the Bureau of Public Roads relative to third-structure taxes. In addition, there is also being submitted to you three copies of the Ohio Highway Axle Tax Law and various other exhibits relating to such law. These various exhibits are described on page 8 of the attached report.

For the sake of completeness, the questionnaire of the Bureau of Public Roads was reproduced and attached to the answers thereto submitted by our various state departments. After each question set forth in the questionnaire, there is designated the page number of the report wherein the answer to such question may be found. The answers in the

report conform to the headings and sub-headings of the questionnaire.

The Ohio Highway Axle Tax is a fair and sound method of taxing trucks for it is based essentially on the combined factors of weight carried and distance traveled. It compels many interstate trucking operators to pay for the first time, taxes for the use of our highways. As applied to interstate vehicles the highway axle tax is in conformity with the settled principle that the users of the highways engaged esclusively in interstate commerce are subject to state highway use taxes.

Sincerely yours,

(signed) "Frank J. Lausche"

Governor of Ohio.

- - - -

(First full year of operation :

Total permits issued	-	95,985
Approx. 33,000 Ohio 63,000 Foreign		
Cash, 1955 -		$11,947,054.
Assessments of filed returns not paid -		3,500,000.)

- - - - - -

DEPARTMENT OF COMMERCE
BUREAU OF PUBLIC ROADS
Washington 25, D.C.

File No. 70-31.1 September 23, 1955.

CIRCULAR MEMORANDUM TO: Division Engineers.

FROM: E. H. Holmes, Deputy Commissioner

SUBJECT: Third-Structure Taxes

This agency has been requested by the Chairman of the House Subcommittee on Roads to conduct such studies and comple such data as may be necessary to arrive at conclusions and recommendations with respect to the equitable distribution of the tax load among the various classes of motor vehicles. Since third-structure taxes and related motor-vehicle imposts play an important part in the taxation of certain classes of vehicles, it becomes imperative that we make a special study of these imposts to enable us to comply with this request. Although the immediate purpose of this inquiry is to meet this need the information requested will have other uses, and it is planned to include it in a research report.

Attached to this memorandum is a questionnaire designed to enable personnel in your Division to assemble the necessary data from each state. In all

probability the information required must be obtained from more than one state agency. Therefore, it is suggested that the District programming and planning engineer be directed to prepare the necessary report after or during interviews with the various officials responsible for the administration of a third-structure tax, or of motor-vehicle reciprocity arrangements, in his state. If any statement made or other material obtained is of a confidential nature it should be so identified.

The emergency nature of this request makes it desirable that the response to this questionnaire be completed and forward to Washington not later than November 1. It is recognized, however, that the immediate necessity of the Civil Defense work which your staff and state officals are also being called upon to perform may unavoidably hinder completion of this questonnaire. For this reason, some delay in reporting on third-structure taxes must be tolerated, but every effort should be made to get the material for all states in to this office by November 15.

- - - - - -

Department of Commerce
Bureau of Public Roads
September 1955.

INFORMATION NEEDED REGARDING THIRD-STRUCTURE TAXES AND RELATED MOTOR-VEHICLE IMPOSTS

FOREWORD AND DEFINITION

The Bureau of Public Roads is engaged in a study of that group of motor-vehicle imposts commonly known as third-structure taxes with the primary objectives of determining: (1) Types of taxes imposed, (2) types of vehicles and operations covered, (3) background of these taxes, (4) productivity, (5) costs of administration, (6) administrative problems, (7) type and extent of effect of third-structure taxes on reciprocity, and (8) effects of such taxes on interstate and transstate vehicular movement.

The term "third-structure taxes" has never been precisely defined. In its broadest application it embraces all taxes imposed on motor vehicles or their use other than registration fees and motor-fuel taxes. This inquiry is not concerned with taxes imposed as part of a general levy which also applies to other businesses or property; charges, such as special titling fees, made only once during the life of a vehicle; or Public Utilities Commission regulatory

fees and other nominal charges levied only to defray the costs of inspection and regulation. Rather, it is concerned with special taxes on passenger -- orfreight-carrying motor vehicles, such as gross receipts and mileage taxes, imposed to exact additional revenue from certain classes of vehicles or types of operation. Formerly such taxes were imposed primarily on for-hire carriers; the more recent trend is to impose them on the heavier vehicles regardless of class of use. The receipts from most of these taxes are reported in Bureau of Public Roads form MCR. The receipts from others are reported in form MVR. Where mileage or gross receipts taxes are levied in lieu of registration fees or fuel taxes they should be reported even though they do not strictly qualify as third-structure taxes. If for-hire vehicles are charged an additional or higher registration fee than similar private vehicles the differential should be considered a third-structure tax.

Much of the information requested in the succeeding portions of this questionnaire is on record in the State and need only be assembled or interpreted. Complete and informative answers to some questions, however, will require that available data be supplemented by the informed comments, opinions,

and estimates of qualified State officials. Any statements of a confidential nature which the State desires be withheld from publication should be identified.

This inquiry is in three parts. Parts One and Three apply to all states while Part Two applies only to states which have third-structure taxes or equivalent levies.

PART ONE

GENERAL INFORMATION
(Applies to all states)

(Answers to these questions found on following pages of attached report submitted by various Departments of State Government in Ohio).

I. Does the State for which this report is being made have any third-structure levies as defined on page 1? (If it has none, please so state and proceed to Part Three).

II. If so, please provide a separate statement for each impost covering the following points:

A. Official designation of the tax and legal citation.

B. Description of the tax, base, rate, and extent of its application. (Classes of vehicles and services affected and the nature of any exemptions should be described).

C. The date the tax become effective.

D. Nature, date, and legal citation of any important recent changes in the rate, basis, or types of vehicles or operations covered.

E. The agency or agencies reponsible for administration and collection of the tax.

F. The fund or funds to which the proceeds of the tax are credited, and the purposes for which they are used.

G. Regulations which govern the administration of the tax. (It would be helpful if a copy of the regulations can be furnished.)

PART TWO

BACKGROUND, ADMINISTRATION, AND EFFECTS OF THIRD-STRUCTURE TAXES

(Applies only to states which impose third-structure taxes.)

I. Reasons for Imposing Third-Structure Taxes

Information is needed regarding the arguments advanced for adopting each third-structure tax in preference to higher registration fees and/or motor-fuel taxes. Pertinenet excerpts from legislative debate, committee hearings, and statements of advocates and opponents of the tax or tax officials would be helpful. Any reports of financial or tax studies recommending third-structure taxes should be cited.

II. Productivity

A. Please furnish an estimate of the income expected from each impost for 1955. Has the amount stabilized?

B. Are refunds or credits allowed for other motor-user taxes or tolls paid by taxpayers; if so, on what ba is and how much is estimate for 1955?

C. Are large amounts of taxes due held up by litigation or otherwise? If so, explain circumstances.

III. Administration

A. Administration and compliance costs.

1. Information is needed regarding the amount that each third-structure tax costs governmental agencies to administer. This should be expressed both as an absolute amount and as a percentage of the gross income from each tax. If accurate and complete data are not available, estimates by responsible tax officials are acceptable. In most cases it will probably be necessary to consult with more than one state agency. This is caused by the common practice of separating the functions of administration, collection, and enforcement. An excellent guidepost to the agencies

concerned would be the MCR form regularly submitted to the Washington office.

2. Care should be taken that all administration costs are reported. (We are thinking primarily of costs, such as policing and weighing charges, which appear on other agencies' books.)

3. Please report the amount of fines and penalties collected during a recent year or years for infractions of the third-structure tax law.

4. Any information available abouts costs incurred by the truck and bus operators in connection with compiling required information and preparing required reports should also be submitted. If a tax credit is allowed to the taxpayer to cover such costs, the nature and amount of such credit should be reported.

5. Does the State audit or otherwise field-survey the return of the taxpayer? If so, how is this accomplished? Is there a charge made to the taxpayer for the service? Is there any difference in the methods of auditing firms domiciled within the State and those out of the State?

6. It would be helpful if at least one copy of the prescribed tax-reporting forms could be furnished.

B. Administrative problems

1. Difficulties encountered in imposing the tax upon certain classes of operators, such as itinerant truckers, should be explained.

2. Are there separate procedures for enforcement of third-structure taxes on vehicles in interstate and intrastate operations? If so, please explain the method.

C. Amount of evasion

1. Information is needed regarding the amount of evasion. This should be expressed both as an absolute amount and as a percentage of the gross income from the tax for a recent year or years. If complete and accurate data are not available estimates by responsible tax officials are acceptable. If a variety of opinions is found all should be reported. Any statements of a confidential nature should be so identified.

2. Any investigations, studies, or reports of evasion losses and administrative costs should be cited and copies should be furnished, if possible.

3. A statement regarding the liaison and cooperation among the various state agencies

in connection with the enforcement of third-structure taxes would be most helpful.

IV. Effect on Interstate Commerce

A. Application of tax to interstate and transstate vehicular movements. -- The extent to which the tax is actually imposed on vehicles operating into or across the state should be clearly stated. The type of information sought is indicated below:

1. Does the legislation levying the tax impose it on vehicles registered in the state, vehicles not registered in the state, or both?

2. Are any vehicles operated in interstate or international commerce relieved from payment of the tax by reciprocal agreements with other states or foreign countires (namely, Canada and Mexico)? If so, list the states or countries (or specific provinces, if pertinent).

3. Describe briefly any differences between the reciprocal agreements in effect with other states or countries on registration fees and those on third-structure taxes.

B. Effect on volume of interstate and transstate vehicular movements.

1. If the state has made any studies of the effect of the tax on interstate vehicular movements, please furnish a copy of any report on such studies, or any published findings, conclusions, or statements of public officials on this subject.

2. Information pertaining to the magnitude of interstate vehicular movements before and after the effective date of the tax would be helpful in appraising the effect of the tax on interstate commerce. Classification-count date obtained at pit-scale stations, loadometer stations, or elsewhere, and any other traffic data giving the volume of passenger car, truck, truck-combination, and bus traffic on the more important interstate routes at locations near the state border should be furnished for a period of years embracing the year in which the tax was first imposed if available. If possible, the number of out-of-state vehicles, or vehicles with ICC identification, of each type should be reported separately.

3. Opinions of responsible state officials regarding the effect, if any, of the third-structure tax on interstate commerce would

also be helpful. These may be in the form of copies of or quotations from official statements. If any official is willing to prepare a statement on this matter he should be encouraged to do so.

PART THREE

EFFECTS OF THIRD-STRUCTURE TAXES LEVIED BY OTHER STATES
(Applies to all states)

I. Reciprocal Privileges

Any difference between the privileges extended by reciprocal agreements to states or foreign countries (namely, Canada and Mexico) having third-structure taxes and those not having such taxes should be explained. Particular attention should be paid to any modifications made in reciprocal agreements because of the inception of a third-structure tax in some other state or country.

II. Effect on Interstate Commerce

A. Opinions of responsible state officials regarding the effect, if any, of third-structure taxes levied in other states or countries on interstate commerce would also be helpful. These may be in the form of copies or quotations from official statements. If any official is willing to prepare a statement on this

matter he should be encouraged to do so.

B. If there have been any studies to measure the effect of an imposition of a third-structure tax by another state or country, please cite them. It would be helpful if at least one copy of each such report could be furnished the Washington office of the Bureau of Public Roads.

C. If contiguous state or country (or province) imposes a third-structure tax information pertaining to the magnitude of interstate vehicular movements across the border before and after the effective date of the tax would be helpful in appraising the effect of the tax on interstate commerce. Classification-count data obtained at pit-scale stations, loadometer stations, or elsewhere, and any other traffic data giving the volume of passenger car, truck combination and bus traffic on the more important interstate routes at locations near the state border of an adjoining state or country which imposes third-structure taxes should be furnished for a period of years embracing the year in which the tax was first imposed if available. If

possible, the number of out-of-state vehicles, or vehicles with ICC identification, of each type should be reported separately.

III. Exchange of Information

A. Does the state exchange information helpful in the enforcement of a third-structure tax with other states or countries?

B. If such information is exchanged please report the states and countries involved and describe the kind of information exchanged.

- - - - - -

(page 1720 follows)

Following Answers to Questionnaire of Bureau of Public Roads Submitted by Various Departments of State Government in Ohio.

PART ONE

General Information

I. The State of Ohio does impose a third-structure tax.

II. A. Ohio Highway Use Tax levied by Sections 5728.01 to 5728.99, inclusive Ohio Revised Code. Popular name is Highway Axle Tax.

B. The Ohio Highway Use Tax Law compels certain trucks and other vehicular combinations to pay a tax for the use of the highways based upon the number of axles used and the distance traveled in this state. The tax is levied upon each commercial car with three or more axles, each commercial car used as part of a commercial tandem, and each commercial tractor used as part of a commercial tractor combination or commercial tandem at the following rates:

(1) One-half cent for each mile traveled on a public highway in Ohio by each commercial car with three or more axles;

(2) One cent for each mile traveled on a public highway in Ohio by a commercial tandem with three axles or a commercial tractor

operated as part of a commercial tractor combination with three axles;

(3) One and one-half cents for each miles traveled on a public highway in Ohio by a commercial tractor operated as a part of a commercial tractor combination with four axles;

(4) Two cents for each mile traveled on a public highway in Ohio by a commercial tractor operated as part of a commercial tractor combination with a total of five or more axles;

(5) Two and one-half cents for each mile traveled on a public highway in Ohio by each commercial car or commercial tractor operated as part of a commercial tandem with four or more axles.

The Highway Use Tax applies to the vehicles just designated irrespective of whether such vehicles are used in a for-hire operation or for private transportation. Section 5728.13, Ohio Revised Code, exempts from the tax:

(1) Vehicles owned and operated by the United States, this state, or any political subdivisions thereof.

(2) Motor Vehicles owned by nonresidents of this state while engaged solely in the interstate transportation of household goods in Ohio, provided such nonresidents have complied with the laws of the state of their residence, pertaining to the registration and taxation of motor vehicles and complies with the laws of this state relating to the operation of motor vehicles, and provided further that the owners of motor vehicles similarly engaged and registered in Ohio shall be exempt from all obligations pertaining to the registration and taxation of motor vehicles in such other states.

C. The Highway Use Tax became effective October 1,1953.

D. The One Hundred and First Ohio General Assembly amended the Highway Use Tax Law in various respects. Section 5728.06, Ohio Revised Code, which is the section which levies the tax, was amended effective July 1, 1955, to provide that the tax due is to be based on the number of axles actually used by a motor vehicle. Under the law in effect prior to July 1, 1955, the tax rate was determined by taking the

maximum number of axles which the owner declared when obtaining a highway use permit that could be used by a given truck or vehicular combination. Section 5728.06, Ohio Revised Code, was also amended to provide a tax rate of one cent per mile for a three axle commercial tandem.

Other amendments to the Highway Use Tax Law which became effective September 30, 1955, include the following:

(1) Permanent Highway Use Tax Permits will be issued by the Tax Commissioner rather than the Bureau of Motor Vehicles.

(2) Lessees of Vehicles subject to the tax are made jointly and severally liable with the owner for the tax incurred by such vehicles while operated by the lessee, whereas under the previous law liability for the tax was limited to the owner.

(3) Provision is made for refunding taxes erroneously or illegally paid.

(4) Fines are imposed for the filing of false or fraudulent tax returns.

The Ohio Supreme Court in the case of Interstate Motor Freight System v. Bowers, Tax Commissioner,

164 Ohio St. 122, decided July 27, 1955, held that a reciprocal agreement entered into between Ohio and Michigan in 1937 exempted vehicles registered in Michigan from the Ohio Highway Use Tax Law. Under the provisions of this reciprocal agreement Ohio and Michigan agreed to waive payment by their respective outstate motor carriers of license plate tax including weight taxes for motor vehicles and also mileage fees for their operations. It was the court's view that the language of the reciprocal agreement which waived mileage fees, exempted vehicles registered in Michigan from the Ohio Highway Use Tax.

E. The Ohio Highway Use Tax is administered by the Ohio Tax Commissioner. The Ohio Highway Patrol assists in the enforcement of the tax by determining whether vehicles subject to the tax have the Highway Use Permit required by Section 5728.02, Ohio Revised Code.

The tax returns are filed with the Treasurer of State together with the remittance of the tax.

Section 5728.15, Ohio Revised Code, provides that the Attorney-General, the Tax Commissioner, and a designated member of the Public Utilities Commission may enter into reciprocal agreements with other states which levy a highway use tax in addition to motor

vehicle registration fees whereby the highway use tax in Ohio and such other state may be waived for vehicles registered in such respective states upon certain conditions. No reciprocal agreements have been entered into with other states pursuant to this statue.

F. Revenue derived from the Ohio Use Tax is deposited in the State Treasury to the credit of the State Highway Bond Retirement Fund created by Section 5528.02, Ohio Revised Code. See Section 5728.08, Ohio Revised Code.

On November 3, 1953, there was adopted Article VIII, Section 2c, of the Ohio Constitution which provides for a $500,000,000 issue for the construction and reconstruction of highways in Ohio. The revenue bonds authorized by this constitutional provision are secured by a pledge of moneys derived from fees, excises, or license taxes levied by Ohio relating to registrations, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles. The Ohio Highway Use Tax levied by Section 5728.01, et seq., Ohio Revised Code, and an additional motor vehicle tax of one cent per gallon levied by Section 5728.16, et seq., Ohio Revised Code, are specifically earmarked for retirement of the Highway Bond authorized

by the above constitutional provision.

G. Attached herewith is a copy of a booklet which contains the necessary tax forms and other administrative regulations relative thereto.

PART TWO

Background, Administration and Effects of Third-Structure Taxes

I. The State Highway Department was one of the proponents of a third-structure tax as their departmental investigations, the Maryland Road Test, State Highway Director T. J. Kauer's personal trip to the State of Oregon to study their weight-distance tax, and studies made of the State of New York's 1951-1952 reports of their Joint Legislative Committee on Highways, Canals and Revenues, had convinced them that motor-fuel taxes and license fees only were not a true measure of highway user responsiblity and that heavy commercial vehicles were not paying their fair share of highway revenues. It is a well-known fact that transportation charges for any commodity transported by truck, rail, water or air is based on two factors -- weight and distance. The philosophy of Ohio's third-structure tax is

similarly based upon the idea that the use of the highways can most equitably be measured and paid for in terms of the weight involved and the distance that weight is moved.

Realization that Ohio's primary highways over the last ten years have been getting progressively worse, which was brought about by the following conditions:

(1) Lack of road building during the last war.

(2) The huge increase in heavy truck traffic during and after the war.

(3) The inflation in the cost of road building.

(4) Failure of revenues to keep pace with the other factors.

coupled with an extensive engineering needs study of Ohio's highways made by the Automotive Safety Foundation of Washington, D.C. in 1949 and 1950 and a highway finance study by Herbert D. Simpson, Professor Emeritus of Public Finance, Northwestern University, the Ohio legislature started in 1951 to make a study of various types of legislation which would produce needed revenues from the standpoint of highway user responsibility. Dr. Simpson's report recommended that needed revenues be raised on the basis of the "standard cost method" and

that they be raised only from otor fuel and license fees.

It was about this time that the "incremental method" of allocating highway user costs was being developed by Mr. D. F. Pancoast, Engineer Economist of the Ohio Highway Department. Mr. Pancoast has worked very closely with Dr. Simpson in his study of Ohio's highway finance and Dr. Simpson had intended to include an anlaysis of the cost allocation using the "incremental method" as well as the "standard cost method", but the incremental study had not been fully completed prior to the deadline for the submission of Dr. Simpson's report. The incremental treatise was submitted at a later date as a supplement to Dr. Simpson's study.

The legislature in its 1951 session, created an interim commission known as the Ohio Program Commission, authorized to make a study of all state governmental departments one of which was the State Highway Department. In their report dated January 1953, they made certain recommendations regarding organization and administration; maintenance, traffic and safety; classification of highways; program and finance. Their first recommendations on finance were for the levying of an additional motor fuel

tax and a new schedule of motor vehicle license fees in order to raise the needed revenues which Dr. Simpson had recommended. However, these recommendations were amended to include also a weight-distance tax. At the 1951 session of the legislature, commercial vehicle license fees had been raised approximately 25 to 30 per cent. and at the 1953 session of the legislature the other two provisions of the recommendations, namely, an increase in motor fuel taxes and a weight-distance tax, were enacted.

Four types of third-structure taxes were considered by the legislative committees:

(1) A bill patterned after the New York State weight-distance law and roughly using the "incremental theory" for establishing the rates in which there were 30-2000# increments of rates, starting with trucks weighing 18,001# to and including trucks weighing 78,000#, the limit under Ohio law, the rates running from 2 mills per mile for the 18,001# trucks to 29 mills per mile for the 78,000# units.

(2) Opposition developed to the large number of increments in the first bill and a substitute bill was offered increasing the increments to approximately 10,000#, starting with vehicles

with a minimum gross weight of 23,000# at 5 mills per mile up to the 78,000# vehicles at a rate of 25 mills per mile.

(3) In discussing with the trucking industry the points that the breaks between the different mileage rates would be made under Bill No. 2, it was discovered that the declared gross eights of the vehicles bore a direct relation to the number of axles, inasmuch as Ohio has specified weights for various types and combinations of axles, and it was from this further study that Ohio's third-structure tax known as the Axle-Distance tax developed. The bill (Amended Substitute House Bill 619) as finally enacted, carried a fee schedule of 5 mills per mile for single unit trucks with 3 axles up to 25 mills per mile for the largest combinations. The main points stressed in favor of Bill No. 3 was the simplification of administration and collection of the tax. While this bill does not have the degree of equity noted in the first bill, it does carry out the principle that weight and distance is the measure used for evaluating the highway user responsibility.

(4) There was another bill introduced based on gross income. However, this bill received very little consideration in the committee.

Several bills were introduced to raise the necessary revenues by increasing the motor fuel taxes only. These were discarded because the committees did not feel that motor fuel taxes were true measures of highway user responsibility for the various classes of motor vehicles. One of the arguments used was that while heavy vehicles 60,000# gross weight could only get 4 miles per gallon of fuel and light vehicles in the 4,000# class would get 3 to 4 times that mileage per gallon, nevertheless the heavy vehicles weighed about 15 times more. Roads and bridges must be designed for these heavy vehicles. Some consideration was given to a graduated motor fuel tax which does have some merit; however, such a tax was deemed to be practically impossible to administer and might be subject to considerable evasion. Amended Substitute House Bill No. 619 did increase the motor fuel tax 1¢ per gallon as well as enact the axle-distance tax.

On the night on which the House was scheduled to vote on the axle-distance tax which had been approved by the Public Affairs Committee headed by Representative Cloud, a last minute effort was made to introduce on the

floor a bill to replace the axle-distance tax by raising the motor vehicle license taxes in lieu thereof. This was voted down as it was brought out that motor vehicle license taxes, as well as motor fuel tax, in themselves were not a true measure of responsibility. Representative Cloud gave the following example.

He cited the case of two men whom he knew personally, one of whom had a truck with a tank body for hauling gasoline, in which he hauled a pay load of 16,000#. The second, a man with a tractor and trailer who was a steel hauler and hauled a gross load of 50,000#. The first man traveled an average of 10,000 miles per year, the second an average of 50,000 miles per year; yet the first man paid more for his license plates than the second.

Ohio is one of the bridge states in the United States in which a large percentage of the east and west commercial traffic crosses the state. The studies developed and evidence produced before the committee hearings indicated that this out-of-state traffic amounted to approximately 40 per cent. of all multiple unit vehicles traveling Ohio's highways and the collections from the axle-distance tax so far have confirmed those estimates.

The fact that this large group of heavy vehicles paid little, if any, taxes toward the upkeep of Ohio's roads since their licenses were purchased in another state and a great many carried auxiliary or saddle tanks and did not buy fuel in Ohio, was another factor in favor of the axle-distance tax.

Another argument which was produced at the committee hearings was that a third-structure tax embodied the same principle as the payment of utility bills. In other words, a utility charges a minimum charge per month or a minimum quantity plus a rate for all additional usage. In the case of commercial vehicles the license fee can be considered the minimum charge and the further use of the highway will be measured by a combination of fuel tax and axle-distance tax.

At the last session of the state legislature (1955) an attempt was made through the introduction of legislation to substitute a graduated motor fuel tax for the axle-distance tax. This was given a thorough hearing in the highway committee and was tabled. The graduated motor fuel tax provided for in this bill was to be levied on commercial cars weighing 4,000 or more pounds empty weight. The legislative agent of the Ohio Trucking Association at the committee hearing on this bill, testified that under this bill about 50% of

the revenues paid by the truckers in the axle-distance tax category would be shifted to lighter weight vehicles. This legislative agent also testified that the trucking association had employed the Battelle Memorial Institute of Columbus, a large research organization, to make a study of highway taxes paid by motor vehicles. One of the tables produced by that study is an evaluation of Ohio highway user taxes on a ton-mile basis before and after the application of the axle-distance tax. The figures submitted are as follow:

	Without Axle Tax	With Axle Tax
Passenger cars	$ .00219	$ .00219
2 axle trucks	.00239	.00239
3 axle trucks	.00146	.00217
5 axle trucks	.00135	.00224
Full trailer	.00138	.00237

The average weights of the vehicles as used by Battelle are as follow:

Passenger cars	3,834#
2 axle trucks	8,870#
3 axle trucks	28,111#
5 axle trucks	43,839#
Truck-trailer combination	50,380#

It will be seen that the State Highway Department's contention at the 1953 hearings that heavy commercial vehicles prior to the enactment of the axle tax were not paying their proportionate share is borne out and that, as of the present, approximately all

classes of vehicles are paying their proportionate share.

A bill to correct some of the mechanical defects in the present axle-distance tax and to strengthen it was also introduced and passed by both houses of the 1955 legislature.

The principal objection of the trucking industry to the axle-distance tax was the matter of reciprocity. Extensive consideration was given to this feature by the various committees of the legislature and it was shown that there does not exist at the present time reciprocity in motor fuel taxes or load limitations among the various states, and that several states now have some form of third-structure tax on which reciprocity is not granted. (See New York reports.) The committees, therefore, felt that the reciprocity angle was not of a serious nature.

Inasmuch as the preceding statement is a boiled down version of Ohio's experience with third-structure legislation, the attached exhibits will explain in more detail the legislation background and reasoning and permit you to further develop specific unanswered questions.

1. An Engineering Study of Ohio's Highways, Roads and Streets.
2. Report of the Ohio Program Commission.
3. Dr. Simpson's study of highway finance.

4. D. F. Pancoast Treatise on the Incremental Method.

5. 1951 and 1952 reports of the New York State Joint Legislative Committee on Highways, Canals and Revenues.

6. Amended Substitute House Bill 619, the original enactment of the axle-distance tax (1953).

7. Amended Substitute House Bill 449 correcting mechanical defects and strengthening the original act (1955).

8. A statement by Governor Frank J. Lausche titled Ohio Highway Axle Tax.

9. A paper presented by John J. Heier, Ohio Department of Highways, titled Third-Structure Axle-Distance Tax in Ohio.

10. Statement of Stnaley J. Bowers, Ohio Tax Commissioner, to the Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

11. A paper presented to the National Tax Association by Stanley J. Bowers, titled Practical Tax Equity for Interstate Vehicles.

12. Copy of talk by C. R. Leavens, Administrative Assistant, State Highway Department titled Ohio's Third-Structure Highway Tax.

13. Pamphlet by the Ohio Department of Taxation titled, Information Pertaining to the Ohio Highway Use Tax.

14. Report of the Ohio Department of Taxation titled, Summary of First Year's Operation of the Ohio Highway Use Tax.

15. The Case for the Weight-Mile Tax by R. H. Baldock, State Highway Engineer of Oregon.

16. Two statements of Representative Roger Cloud who was one of the sponsors of the axle-distance tax, Chairman of the Public Affairs Committee of the Ohio House which heard all testimony and who is now Speaker of the House of Representatives.

Speaker Cloud also suggested that I call your

attention to a letter on the subject of Ohio's axle-distance tax written by him to Congressman William H. Ayres and printed in the Congressional Record under date of August 1954.

Attention is directed to excellent analysis of the New York weight-distance third-structure tax appearing in 1955 Report of New York State Joint Legislative Committee on carrier taxation. Note especially pages 27 to 47, inclusive.

PART TWO

The following statement as to the reasons for imposing third-structure taxes was submitted by Mr. Robert L. Moulton, Chairman, Ohio Public Utilities Commission.

I. Reasons for Imposing Third Structure Taxes.

The adoption of the axle mile tax by the General Assembly of Ohio in 1953 was prompted by a desire to enact a comprehensive program for new highway construction and to equitably distribute the burden of financing such a program among the various classes of highway users. The Legislature at the same session, in addition to enacting the axle mile tax, also passed a measure increasing the gasoline tax 1¢ per gallon and adopted a resolution submitting to the voters of Ohio at the November election in 1953 a $500,000,000 bond

issue for new highway construction. The bond issue was approved by the voters and all monies collected from the axle mile tax together with the revenues from the imposition of the additional 1¢ gasoline tax are specifically ear-marked for retirement of the bonds. Prior to the enactment of the axle mile tax the results of various studies on the subject of highway fiscal policy were available to and considered by the Legislature. The conclusions reached by these objective studies of the problem clearly established the premise that there was an inequitable allocation of the cost of building and maintaining our highways among the various classes of users and that if the financial burden were to be more justly distributed, additional revenues must be secured from the large commercial truckers.

Suppot for the basic theory and principle underlying the axle mile tax and the justice and equity of such a tax is found, among other sources, from the following facts and conclusions of expert studies on the subject:

1. The Council of State Governments in 1950, at the direction of the 48 governors, made a study of the highway problems of the states and recommended that "consideration should be given to enacting a

weight-mileage tax based upon the gross weight carried and the miles traveled."* This report was submitted to the 1951 Conference of Governors.

2. The study made by the Council of State Governments concluded that the large cargo carrying trucks were under taxed from the standpoint of the relative burden based on weight paid by other classes of motor carriers. The report stated, "It is clear that in terms of over-all road construction and maintenance costs as well as those incurred on main routes by an almost constant flow of heavy truck traffic the share of highway costs borne by trucks carrying heavy cargoes is less than it should be."
   The conclusions reached in this study confirmed a similar finding made in an earlier report prepared for submission to Congress by Federal Board of Investigation and Research after an extensive investigation and analysis of motor vehicle taxes.**

3. Charles F. Conlon, Executive Director of the Federation of Tax Administrators, in a statement made on April 10, 1950, said, "The tax (ton-mile tax)

* Highway Safety Motor Truck Regulation, Council of State Governments, 1950; page 119.

** Highway Safety Motor Truck Regulation, Council of State Governments, 1950 - page 113.

is generally conceded to be an excellent measure of use and benefit and therefore the fairest basis for highway taxation ---. In recent years the highway studies undertaken in California and Washington and the Griffenhagen Report in Illinois have reached the conclusions that the tax is not only desirable but also feasible administratively."

4. Increase in registration fees and gasoline taxes alone cannot accomplish an equitable distribution of tax responsibility among the various classes of highway users. Registration fees though they may be based on the weight of the vehicle are not levied with any relationship to mileage travelled and therefore do not actually assess the vehicle in accordance with the use it makes of the highways. If the registration fee is high it is unfair to the small operator who makes infrequent use of the roads and if the fee is low, then the man who is making extensive use of the highways is not paying his fair share. A gasoline tax discriminates in favor of the heavy motor carrier because in the heavy load brackets gasoline consumption is not proportionate to the weight carried. Studies on this subject haveshown that at least three times as much gasoline is required to propel ten 3600 pound

cars as one 36000 pound truck. On a ton-mile basis the passenger car will pay twice as much gasoline tax as a 15,000 pound vehicle and over three times as much as a 55,000 pound vehicle. In New York State a study disclosed that passenger car motorists paid a total of 89.62% of the total gasoline tax collections in that state.***

5. The necessity of reaching out-of-state trucks and securing some contribution from them toward the cost of building and maintaining the highways argues strongly in favor of a tax such as the axle mile tax. Since the out-of-state trucker is exempted from license fees by reason of reciprocal agreements and he pays little, if anything, in the way of gasoline tax due to the common practice of purchasing gasoline in large quantities at home terminals and using a saddle tank to carry large quantities of gasoline through our state, it is especially necessary to secure some contribution from out-of-state trucks in "bridge" states such as Ohio. On this point the 1955 Report of the New York State Joint Legislative Committee on Carrier Taxation says that, "The weight-distance tax can justify its existence, if for no

*** Highway Safety Motor Truck Regulation, Council of State Governments, 1950, pages 113 and 114. 1955 Report of New York State Joint Legislative Committee on Carrier Taxation; pages 28 and 29.

other reason, in that it is the only means of exacting payment for the extensive use the interstate carrier makes of our roads."

6. The Simpson Report submitted by the Ohio Program Commission in 1951, which report was the report of a study authorized by the Ohio Legislature in 1949, concluded that Ohio needed to raise an additional $50,000,000 per year in highway revenues in order to adequately finance a program of new highway construction which the report said should be in the amount of $269,000,000 a year for the next twenty years. The report recommended that $23,000,000 of the additional $50,000,000 needed be raised by one cent increase in the gasoline tax and that $27,000,000 should come from the large commercial carriers. The one cent increase in gasoline tax was designed to produce additional revenue of approximately $25,000,000 per year and the axle mile tax on trucks was estimated to yield $18,000,000 annually although it has actually produced $12,000,000 per year. The findings of the Simpson Report also confirm the conclusions reached by the other studies that the heavy commercial trucks were not contributing their fair share to highway construction and maintenance costs.****

**** Highway Finance, by Herbert D. Simpson, 1951.

7. The legality of such a tax as the Ohio axle mile tax based on and directly related to road use has been upheld by the highest court in New York and by the United States Supreme Court in denying a writ of certiorari from the decision of the Court of Appeals of New York State. Judge Schirick in an opinion of the New York State Supreme Court, October 5, 1951, upheld the New York Ton Mile Tax saying, "The statute and legislative proceedings on which it is based establish with more than customary clarity that what is here imposed is a compensatory tax for road use. The formula... indicates unusual care to equate ... the sum exacted ... to the benefits conferred, ... the court cannot say that a tax ... applicable alike to interstate and intra-state commerce and in an amount not shown to be unreasonable ... constitutes a violation of the interstate commerce clause..."

In affirming the ruling of the Supreme Court the Appellate Division of that court in an opinion rendered March 10, 1952 held that, "No one could regard the tax here imposed by the New York Legislature as an undue burden on interstate commerce." These rulings were sustained by the Court of Appeals of the State of New York and the United States Supreme Court denied a writ of certiorari.

8. It is undeniable that today vehicle weight is a basic factor in the engineering of our highways and in the matter of cost of construction and road maintenance. Highways must be built thicker, wider and with less grade to meet the requirements of the heavy commercial vehicles. The cost of building such roads has been estimated to range up to 500% greater than that which would be required to carry ordinary passenger vehicles alone. A survey in Nebraska showed that the average heavy vehicle pays only about 3.4 times as much per mile as each light vehicle while its share of construction cost is nearly twenty-six times as much per vehicle mile. The study further pointed out that if all the costs of construction were to be repaid the heavier vehicle should pay approximately thirteen times that of the ligher.*****

The Maryland road test and other significant surveys have clearly demonstrated the increase in wear and damage to our roads occasioned by the heavily laden commercial vehicle. These tests have clearly shown that the damage to the highway increases in definite relationship to the weight placed upon it. In view of these added construction and maintenance costs

*****Highway Safety Motor Truck Regulation, Council of State Governments, 1950; page 114.

incident to the building and maintaining of highways for heavy trucks it therefore logically follows that if equality in tax responsibility is to be achieved the factor of vehicle weight must be a primary one in the assessing of highway use taxes.

Many other sources and authorities could be cited in support of the principle that highway use taxes in order to be equitable must be based on and related to vehicle weight and mileage travelled. All of the objective studies which have been made have arrived at substantially the same conclusions, namely, that justice in distributing the tax burden for highways cannot be achieved through registration fees and gasoline taxes alone and that if there is to be a fair distribution of the cost there must be a tax levied based on weight and distance which will secure from the heavy commercial vehicle some additional contribution in relation to the additional cost burden which this type of vehicle occasions.

II. Productivity

A. It was officially estimated by the Research Division of the Ohio Department of Taxation that the Ohio Highway Use Tax had an annual potential yield of about $15,000,000 under conditions as existed from October 1, 1953, to September 30, 1954. (Summary of

First Year's Operation of the Ohio Highway Use Tax, March 18, 1955.). This same agency presently comments that there are now certain factors active which were not so at the earlier date. On the one hand it is pointed out that an improvement has occurred in economic activity generally and particularly in the trucking business. This noticeable change in business activity, when combined with the long term growth trend, provides a basis for higher future yields. On the other hand, a turnpike across northern Ohio has recently been put into operation. Travel on this turnpike is exempted from the highway use tax but the extent of such traffic which will be so exempted is not yet known.

Two other conditions which might cause a diminution of the base of the tax are: (1) questions concerning reciprocity, which are not as yet clearly settled, and (2) legislation enacted during the 1955 session which provides for the exemption, under certain conditions, of out-of-state moving vans. (Ohio Revised Code, Section 5728.13.) The latter provision is not likely to have an appreciable effect on the revenue potential but, of course, to the extent that it is operative at all, its effect can only be toward a lesser yield.

Due to the fact that the extent of the above mentioned developments are not as yet measurable, the Research Division is unwilling at the moment to give any new estimate of yield. However, it is their opinion that the original estimate of $15,000,000 was entirely reasonable (although possibly somewhat conservative) under the conditions as were stated. This agency does note that the current rate of collection of the tax has been running slightly ahead of the earlier experience, in spite of the present unsettled atmosphere surrounding it. It should perhaps be noted that the original estimate was an neighborhood of $15,000,000", the actual amount of tax paid during the year under consideration was $11,482,000. Assessments (mostly unpaid) amounted to another $4,517,000 and permit fees amounted to about $380,000.

B. Refunds and credits are not allowed for other motor-user taxes under the Ohio Highway Use Tax Law. Travel on the Ohio Turnpike is exempted from the Highway Use Tax, but turnpike fees are charged. The extent of travel on the urnpike by vehicles otherwise taxable is not yet known due to the fact that the turnpike has just recently assumed full operations.

C. Various assessments which were made by the Tax Commissioner were held in abeyance pending the outcome of the previously mentioned decision, Interstate Motor Freight System v. Bowers, 164 Ohio St. 122, decided July 27, 1955. The constitutionality of the Ohio Highway Use Tax was questioned in the Interstate case but the Supreme Court held that it was unnecessary to pass upon the constitutional issue because of the court's view that the 1937 reciprocity agreement between Michigan and Ohio exempted vehicles registered in Michigan from the Ohio tax. Since the Interstate case was decided, the Tax Commissioner has received various refund claims from the owners of trucks registered in states other than Michigan who are contending that existing reciprocity agreements with Ohio likewise exempt out-of-state vehicles from the Ohio Highway Use Tax. Inasmuch as the Interstate case involved only the State of Michigan, there will undoubtedly be further litigation involving the question as to whether existing reciprocal agreements between Ohio and other states exempt vehicles registered in other states from the Ohio tax.

After the Interstate case was decided, the Ohio

Reciprocity Board created by Section 4503.37, Ohio Revised Code, notified the various states with whom Ohio has reciprocal agreements designed to waive license fees for interstate vehicles, that such existing agreements were to be canceled in accordance with the respective cancellation clauses unless the other state agreed to amend such contracts so as to make it clear that those agreements did not waive the Ohio highway use tax levied by Section 5728.01, et seq., Ohio Revised Code.

III. Administration

A. Administration and compliance costs.

1. An accounting for the fiscal year ended June 30, 1955, would indicate that the costs of administration of the Ohio Highway Use Tax approximated $500,000. The actual costs as reported for the year as follows: Department of Taxation, $404.737; Bureau of Motor Vehicles, $82,000; Treasurer of State, $8,000; and the Auditor of State, $1,000. These amounts add to a total of $495,737 which is 4.2% of the actual collections ($11,724,142) for the fiscal year. When the cost is compared with the total of the tax liabilities estimated for the year, it amounts to less than 3.5% of such estimated liabilities (see "Productivity"). The

above stated collections do not include revenue from permit fees, nor do they include unpaid assessments. The one potential cost source which is not accounted for here is the Ohio Highway Patrol. There is no reasonable basis for allocating any of the Patrol's costs to the Ohio Highway Use Tax. Although it is undoubtedly true that the Patrol has devoted a portion of its activities to enforcement of the levy, nevertheless, there are no expenditures traceable to these particular activities. It appears obvious that the tax has had only an extremely slight effect upon the pattern of the Patrol's normal routine.

2. All costs relative to the Ohio Highway Use Tax are accounted for under item one with the exception of the costs of the Ohio Highway Patrol. The Patrol's costs in this connection are thought to be negligible and are discussed above.

3. Due to the fact that such fines as may be imposed are collected at the local governmental level, it is not readily possible to determine their amount. It is known that there has been a tendency on the part of the Ohio Highway Patrol to issue warnings rather than to make citations for violation of the law. In any event, the total of such fines

during a year is almost certain to have been slight.

4. No studies have been undertaken by the state departments to determine the cost of compliance with the Ohio highway use tax, although certain informal discussions concerning the question have been carried on by the officials of the Department of Taxation and persons in the trucking business. From these discussions the departmental officials have gained the impression that compliance costs are virtually nil in the case of large operators and especially those operating over fixed routes. It is the stated opinion of these same representatives of the Department that it is probable that compliance costs would weigh more heavily upon the small company and upon those companies with irregular routes. The Director of the Research Division indicates that probably the only published data concerning compliance costs is an article contained in the National Tax Journal for June of 1955. (Compliance Costs and the Ohio Axle Mile Tax: A Case Study, by Clinton V. Oster and Arthur D. Lynn, Jr.) Credits to cover the cost of compliance are not provided for.

5. Yes.

Audits are conducted by State field examiners (auditors).

The audit involves: (1) A Correlation of the highway use tax permit number with the company's vehicle unit identification; (2) examination of trip manifest sheets; (3) examination of gasoline consumption records; (4) examination of bills of lading; and (5) examination of dispatch sheets. Where possible such audits are arranged by appointment for the convenience of the taxpayer.

Question: Is there a charge made to the taxpayer for this service?

Answer: No.

Question: Is there any difference in the methods of auditing firms domiciled in the State and those out of the State?

Answer: No.

B. Administrative Problems

1. Difficulty has been encountered in imposing the tax on itinerant truckers due to the nature of their operations. For example, an itinerant trucker may enter the State on a certain trip and apply for emergency authority using a hotel, motel, or other temporary address. At another time he may enter the State at a different point and again apply for authority, using another temporary address. This results in more than one account

being established for the same individual and creates a problem in getting the report forms to the taxpayer. A similar problem results in cases in which an employee has obtained the highway use tax permit in his own name rather than in the name of his employer, the truck owner. To the extent that the above results from ignorance of the requirement of the law it is being overcome by better regulation of the issuance of permits, and by an increasing awareness on the part of the taxpayer of the requirement of the law. However, to some extent such difficulties must be credited to evasion since cases occur in which both fictitious names and addressed have been furnished.

2. Procedures are the same for both the interstate and intrastate operations.

C. Amount of Evasion

1. The amount of evasion cannot be determined as to an absolute monetary amount. However, on a basis of field audits, delinquency investigations, and audits of mileage records, it is estimated that evasion amounts to approximately 5% of the gross income from the tax. Spot checks on main arterial highways indicate that approximately 8% of the vehicles operating on Ohio highways fail to comply

with the Highway Use Tax permit requirements. However, a large portion of these represent "single trip" or itinerant truckers so that the amount of evasion represented is small in terms of gross revenue.

2. Only preliminary investigations which consist of occasional route checks and investigation of delinquents and audits has thus far been made. Administrative costs on this factor have not been established.

3. Highway use permits were formerly issued by the Bureau of Motor Vehicles. They are now issued by the Department of Taxation which department is charged with the administration of the law. Highway Use permits may be obtained from the Department of Taxation upon the submission of a properly executed application form which is accompanied by the established fee of $2.00. Application for highway use permit may be submitted by mail or via a twenty-four hour emergency service through Western Union Telegraph Company.

   Actual enforcement of the Highway Use Tax Law is charged to the State Highway Safety Patrol.

IV. Effect on Interstate Commerce.

A. 1. The Ohio Highway Use Tax applies to all trucks and

vehicular combinations with three or more axles that use Ohio's highways, irrespective of whether such vehicles are engaged in inter or intrastate transportation. Records of the Department of Taxation show that from the inception of the highway use tax on October 1, 1953, there has been collected to October 31, 1955 a total of $23,099,876.31. Of this amount $15,644,405.55 was paid by truck owners who had vehicles registered in Ohio. The law requires that each vehicle subject to the tax must have issued for it a highway use tax permit. Of the total of permits issued, about 2/3 thereof were issued to interstate vehicles and the remainder to vehicles registered in Ohio.

2. Ohio has not entered into any reciprocal agreements to waive the Highway Use Tax for interstate vehicles. The Ohio Reciprocity Board created by Section 5728.15, Ohio Revised Code, has not entered into any such reciprocal agreements because it is felt that the doctrine of reciprocity which traditionally has waived license and other annual fees for interstate vehicles is inapplicable to the Ohio Highway Use Tax which is a pay-as-you-go tax based upon the use of the highways in proportion to the number of axles used and mileage traveled. Hence, a

truck operator's tax liability under this law accrues only to the extent that such vehicle is operated on Ohio's highways. Ohio, like many of the other states, has existing reciprocal agreements whereby annual license fees and certain other annual truck fees are waived for nonresident trucks when such fees are also waived for Ohio's trucks by the reciprocating state. The purpose of reciprocal agreements which waive the imposition of annual license fees for trucks registered in the respective states is to prevent the pyramiding of such fees on interstate vehicles because they are not based upon mileage traveled. The Ohio Highway Use Tax is not a violation of the traditional concept of interstate reciprocity because the tax accrues in direct relationship to mileage traveled in Ohio.

The only exemption in the law for interstate vehicles is found in Section 5728.13, Ohio Revised Code, which exempts vehicles engaged in interstate transportation of household goods upon certain conditions among which is the requisite that Ohio truckers engaged in the household goods moving business must be exempt from all obligations pertaining to the registration and taxation of their motor vehicles in the other state.

3. As previously mentioned, Ohio, pursuant to Section 5728.15, Ohio Revised Code, has not entered into any reciprocal agreements with other states to waive the Highway Use Tax for interstate vehicles. The reciprocity agreements which Ohio has entered into to waive licenses and other annual fees for interstate vehicles in accordance with Section 4503.37, Ohio Revised Code, were entered into, with but few exceptions, prior to the enactment of the Highway Use Tax Law which became effective October 1,1953.

   Since these agreements are designed to waive license fees and other annual fees which are not based upon mileage traveled in Ohio, the purpose of such agreements would be the same, irrespective of whether the reciprocating state did or did not impose a third structure tax.

B. Effect on volume of interstate and transstate vehicular movements.

1. There have been no formal studies made by the State of Ohio concerning the effects, if any, of the Ohio Highway Use Tax on interstate vehicular movements. Department of Taxation officials generally feel that the tax has had virtually no effect upon the aggregate of interstate vehicular

movements. These same officials, however, do volunteer the opinion that there are individual cases where the tax may have had some very clear effects. Such a case cited is that of movements along the border of the State where it may be nearly a matter of indifference as to which state's highways travel shall be made upon. The press has carried reports of trucking firms removing their base of operations from the State allegedly as a result of the tax. Department of Taxation officials recognize that some firms may have done so and suggest that while such removals, in all probability, do not affect the movement of goods in interstate commerce, they may, nevertheless, have some slight effect upon the pattern of vehicular movements. These officials believe that while some firms may have removed their base of operations from Ohio, this did not actually alter (to any extent) trucking operations in the State.

2. The Research Division of the Department of Taxation indicates that it does not have available to it any type of vehicle count covering the period during which the highway use tax was put into effect which would,in their opinion, reflect the effects, if any, of the tax on vehicular movements.

This agency reports that to its knowledge no such count was undertaken for the specific purpose of determining such effects, nor was there any count taken for any other reason which would reflect the effects of the tax. It is suggested by the Director of the Research Division that the date of introduction of the Ohio Highway Use Tax (in October 1953) would probably make it very difficult to determine the effects of the tax, if any, even should vehicle counts be available. He notes that there apparently was a general decline in the volume of trucking business throughout the nation during the latter part of 1953 and on into 1954, and that this decline due to general (trucking) business conditions was noticeable in Ohio during the period under consideration.

3. In Ohio there have been no official statements made dealing directly with the question of the effect, if any, of the highway use tax on interstate commerce. It is suggested by Department of Taxation officials that while some slight effects upon vehicular movements may have been had (see above), that they feel it doubtful that any substantial effect has been had upon the movement of goods in interstate commerce, into Ohio, from

Ohio, or across Ohio. It is suggested that any such effects were probably largely felt immediately after the imposition of the tax and were considerably the result of irrational decisions. That is, these officials believe that certain misimpressions were had during the early period of the tax which may have resulted, in a few instances, in irrational action.

Comparison of number of truck and bus and trailer registrations and fees in Ohio from the beginning of the registration year to and including September 30 for the years 1953, 1954 and 1955.

Trucks and Buses			Trailers		
1953	1954		1953	1954	
279,103	288,021	+ 3.20%	188,081	192,070	+2.12%
1954	1955		1954	1955	
288,021	298,239	+ 3.55%	192,070	203,057	+5.72%
1953	1954		1953	1954	
$23,935,277	$24,230,491	+ 1.23%	$7,238,283	$6,553,266	-9.46%
1954	1955		1954	1955	
$24,230,491	$25,548,160	+ 5.59%	$6,553,266	$7,215,211	+10.1%

While the above table does not bear directly on the above questions, nevertheless it serves to refute the truckers' contention that the large trucks would move out of Ohio if the axle tax were enacted.

Note that the trucks and trailers both show sizeable percentage gains in numbers for 1955 over 1954 and that the fees show a larger percentage gain than the number of trucks for the same period, thus indicating that the larger trucks and trailers which are covered by Ohio's axle tax are on the increase.

As to the effect of the Ohio Axle Mile Tax on interstate commerce, it is the considered opinion of Mr. Robert L. Moulton, Chairman, Ohio Public Utilities Commission, that the imposition of this tax has had no harmful effect whatever on the flow of interstate commerce in and through the state. There is every evidence that since this tax became effective on October 1, 1953, there has been a substantial increase in interstate commerce by way of motor vehicle traffic in Ohio. The Public Utilities Commission requires all carriers operating in interstate commerce in or through Ohio to register with the Commission. The number of these interstate registrations now on file with the Commission considerably exceeds the number which was on file as of October 1, 1953. Certainly if the Ohio Axle Mile Tax was having a depressing effect on interstate commerce we would not be witnessing a continued increase in motor carrier interstate registrations for authority to operate in

this state. We feel that this one indication that there has been no harmful effect from the tax and that any other criteria that might be used would clearly point to the same conclusions.

PART THREE

Effects of Third-Structure Taxes Levied by other States

I. Reciprocal Privileges.

Existing reciprocal agreements entered into by the Ohio Reciprocity Board in accordance with Section 4503.37, Ohio Revised Code, are designed to waive license and certain other annual fees for trucks registered in other states provided similar treatment is accorded to vehicles registered in Ohio. These existing reciprocal agreements generally follow the same general pattern irrespective of whether the reciprocating state has a third-structure tax.

However, since the inception of the Ohio highway axle tax on October 1, 1953, a few of the existing reciprocal agreements have been amended to provide that trucks registered in Ohio shall pay to the reciprocating state a tax equivalent to the Ohio axle tax paid by trucks traveling in Ohio. The reciprocal agreement between Ohio and Minnesota was amended on April 12, 1954, to provide that trucks

registered in Ohio shall pay when traveling in Minnesota a tax equivalent to the highway axle tax paid by Minnesota registered vehicles when traveling in Ohio. A similar agreement was entered into by Wisconsin and Ohio on December 21, 1953, wherein it was agreed that Ohio truckers would pay a falt fee to Wisconsin based upon maximum gross weight as an equivalent tax to the axle tax paid by vehicles registered in Wisconsin when such vehicles are traveling in Ohio.

II. Effect on Interstate Commerce.

A. There is attached hereto as an exhibit, a statement of Mr. Stanley J. Bowers, Tax Commissioner of Ohio, relative to the administration of the Ohio Highway Axle Tax which was submitted to the Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

B. No information available with respect to the effect of an imposition of a third-structure tax by another state or country.

C. No information available as to this question.

III. Exchange of Information

A. Section 5703.40 Ohio Revised Code, authorizes the Ohio Department of Taxation to exchange information with the United States Government or

the governments of any other states.

B. Various requests have been received from other states concerning the Ohio highway axle tax. These requests have dealt primarily with:

1. The feature of the tax relative to computing the tax rate on the number of axles used and
2. The cost of administering the tax.

- - - - -

APPENDIX "C"

STATEMENT OF REPRESENTATIVE ROGER CLOUD, CHAIRMAN OF THE PUBLIC AFFAIRS COMMITTEE OF THE OHIO HOUSE OF REPRESENTATIVES, ON THE FLOOR OF THE HOUSE - 1953.

The sponsors of this bill approach the subject with no antagonism against those who might be asked to pay the sums levied in it. During this session, I have had opportunity to make the acquaintance of several men who are engaged in the commercial trucking enterprise and have found them to be gentlemen of the highest rank. It is true that their sentiments are slightly different than those expressed in this bill, but it is not unusual for men to disagree.

However, in opposing these gentlemen in argument, the sponsors of the third structure taxes are at a distinct disadvantage. In support of these policies it is probably that only their sponsors will appear in their behalf while in opposition there has appeared an imposing array of talent. In addition to able representatives of their own, the trucking union has employed a former state highway director, a former state director of public works and a former state tax commissioner. Since it is not possible for us to employ such capable proponents, it would seem that the sponsors of the bills

should be given a handicap rating if they are to compete on reasonably even terms.

Upon one phase of the question there seems to be agreement - there is a highway problem and it ought to be attacked. During the last twelve years the number of motor vehicles has increased in number by seventy per cent. The amount of tonnage hauled over the highways has more than doubled and seventy-five per cent. of all freight is now moved over the highway. Our present highway system, as in all other states, is entirely inadequate. To say that Ohio highways are in a complete state of deterioration would be to depart from the truth. Ohio's secondary road system is not excelled by that of any other state --/the state highway system is not in an extreme state of disrepair. However, this is largely true at this period of the year, because Ohio has enjoyed a very favorable winter. There has been no frost damage whatsoever and no unusual moisture conditions during the winter period. Two and three years ago such conditions did not prevail and Ohio highways had reached, at this point, a critical need for repair and replacement.

Ohio's main highway problem, as in the whole nation, is one of having a highway system which is totally inadequate in area and facilities to accommodate the number of vehicles now traveling the roads and a

system, which, in the main, is structurally inadequate to support the heavy weights, at all times, which are imposed upon it.

The trucking industry itself and business generally has recognized the problem and have run full page ads concerning it. But neither has proposed an effective and fair solution to it. Two able representatives of the rubber industry, in appearing before the committee, were ardent in their opposition to any new type highway tax, were vocal in their recognition of the highway problem, but speechless in reference to a solution to it.

The nation generally has failed to support the public highway systems with a realistic program of finance which would recognize the changing of economic conditions during the last twelve years. Generally our highway programs are financed with flat tax systems which do not fluctuate with changed prices. With doubled highway costs and doubled traffic demands, a flat tax base of 1940 vintage simply does not suffice. It would be most unwise to increase taxes generally -- in truth they ought to be drastically reduced -- but since highways are a public utility, the charge for the service provided by them must of necessity be commensurate with their cost.

There is widespread recognition of the need for a greater financial highway support but considerable disagreement as to how the cost of that support should be apportioned among the highway users groups. It ought to seem clear that a tax base which satisfactorily apportioned itself among user groups in the 1930's would not be equitable now. There was no anticipation that, in fifteen years, there would be such a terrific increase in the movement of fright over the highways and that the weight per vehicle, in the cargo carriers, would increase as it has.

Other states have had the same problem. I have read reports made from studies conducted in ten states, including those of California, Wisconsin, North Dakota, Illinois, Ohio, Oregon and New York. All of the studies reach the conclusion that the gasoline tax is a desirable base for any highway tax structure; but that if its rates are applied equally to the consumption of fuel used in automobiles and to that used in the heavy vehicles, a considerable disparity exists between the payments made by the auto owner and the owner of the heavier unit. (California report)

And so it becomes necessary to seek a tax to be levied on the usage of the highways by the heavier commercial vehicles -- a tax apart from the traditional

gas taxes and registration fees. And here the arguments begin.

Two factors are involved in seeking an approach to the question -- the determination of cost responsibility for each of the highway user groups and the method to be employed in the translation of that responsibility to highway use payments. There is disagreement concerning both of them.

In nearly all of the state studies which I have read, the standard cost approach has been used to determine the cost responsibility of each group. Under this method the gross ton-miles traveled by each group is applied against the gross ton-miles of all groups to determine the percentage of total responsibility for each. I have the personal belief that this method is considerably unfair to the owners of the heavier commercial vehicles in that it does not recognize that all highway users are benefitted to the same degree merely by the fact that highways are available to them.

In essence, highways are public utilities and it would seem to follow that rates of charge for their usage should be similar to those used for other utilities. In charging for use of other utilities, there is always a minimal sum required to pay for the availability of the service. Thereafter charges are made in

accordance with the amount of usage which each customer makes of the services provided. There is no reason why highway use charges should not be made in like manner. A mileage tax does this. If it was not for the proven disparity existing between utilization of highways by the lighter and heavier vehicles, with reference to fuel consumption, then the gasoline tax would be ideal for the reflection of usage. It still ought to be retained as the base of highway taxation.

There is a second approach to a determination of cost responsibility for the heavier vehicles -- the incremental cost of construction method. This uses the utility charge method. It determines first the minimal amount to be assessed against all users by computing the cost of a basic highway -- one necessary for light traffic -- and then estimates the additional cost of construction requirements for each group of the heavier vehicles in accordance with their respective weights. In the mileage tax proposals before this committee, the rates to be charged each group are based upon the estimated costs of construction to be charged against each group. That rate is then multiplied by the mileage traveled by each carrier in the computation of the tax which he is required to pay. Such a payment, based upon actual usage, seems utterly fair.

Under the flat taxes, such as registration fees or compensation taxes, highway usage is recognized not at all. The owner of a truck which travels ten thousand miles per year pays exactly the same flat tax as does the owner of a truck of identical capacity but which travels sixty thousand miles per year.

There is absolutely no equity in such a tax. It, like many other inequitable taxes, can be tolerated if the rates do not reach a punitive or damaging point. We have pursued this course in commercial car taxation in Ohio, to the extent that a further increase would definitely be most damaging to many vehicle owners; to pursue it further would be to aggravate an already unfair situation. Illinois is now experiencing very bad results from an attempt to equalize cost responsibility through high registration fees.

That the mileage taxes, for heavier vehicles, are fair in principles has been admitted by many of the people who would be subject to the tax -- all of the reports from the various state studies also concede this. The heaviest argument directed against it is that it would be too costly to administer. The Ohio tax commissioner has stated a mileage tax can be collected for three percent of the total sum collected. If he be only half correct, and if the cost per cent. is doubled, it

still will cost less to collect, percentagewise than the Ohio sales tax.

Regardless of other considerations, a mileage or third structure tax levied against the usage of the highways by the heavier vehicles will inject an element of fairness into Ohio's highway tax structure which is not now existent. To do less would be to fail to give heed to the welfare of the general public which will have no representatives before the Legislature to plead its cause.

- - - -

ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - - -

VOLUME XIX

Wednesday, June 20, 1956,

Port Arthur, Ontario.

- - - -

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

- - - - - -

Mr. J. P. Robarts, Q. C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - - -

INDEX

NINETEENTH DAY,

JUNE 20TH, 1956

Wardrope, George, M.P.P. 1774
1789
1811
1837

Wishart, Miss E. (Mayor) 1775
1785
1809
1819

Robarts, Q.C., M.P.P., John 1775
1800
1806
1812
1834

Hertig, Harry 1783

Phillips, Alex. 1787
1821
Brief - Professor Mayor 1823

Magnuson, Bruce 1791

Brief by 1791
1805
1813
1835

Hollonquist, Mr.. 1806
1839

Root, John. 1807
1820
1833

Collins, D. J. (Secretary). 1814

Robinson's, Mrs. Jean. 1816

Booth, Mr.. 1830

Yaremko, Q.C., John 1832
1839

- - - - - -

LUNCHEON

Wardrope, M.P.P., George (Toastmaster). . . 1842

Robarts, Q.C.,M.P.P., John (Chairman) . . . 1843

Mapledoram, Hon. C. 1843
(Minister of Lands and Forests)

Adjournment 1846

BRIEFS, ETC.

Brief - Mr. Magnuson. 1791

Brief - Professor Mayor 1823

NINETEENTH DAY

Port Arthur, Ontario,
Wednesday, June 20th, 1956,
10:00 o'clock, a.m.

- - - - -

The further proceedings of this Committee reconvened pursuant to the call of the Chair.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

- - - -

PRESENT:

Messrs. Root,

Sandercock,

Mackenzie,

Yaremko, Q.C.,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. George Wardrope, M.P.P.	Port Arthur.
Miss E. Wishart,	Mayor, City of Port Arthur.
Mr. Harry Hertig,	Northwestern Freighters Assoc., Northwestern Ont.Traffic Assoc.
Mr.	
Mr. Bruce Magnuson,	Northwestern Regional Committee of the Labour-Progressive Party.
Mrs. Jean Robinson,	Tourist and Publicity Com.of Port Arthur.
Mrs. R. Wilmot,	"

Mr Alex. Phillips	- General Manager, Northwestern Ontario Development Assoc.
Alderman Booth	- Representing Mayor of Fort William.
Mr. Guzzi,	- Ontario Service Stations.
Mr. Hollonquist	- Representing Northwestern Ontario Lumber Operators Assoc.
Mr. Russell Brown,	- Ex-Alderman, representing Port Arthur Chamber of Commerce.

- - - -

MR. WARDROPE, M.P.P.: Madam Mayoress, Mr. Chairman and gentlemen; we are privileged this morning to welcome and to listen to the Select Committee on Toll Roads appointed by the Ontario Legislature.

These gentlemen have been touring throughout the United States and Canada for the past year and one-half, collecting data on toll roads, with the idea of reporting their findings to the Legislature, as to whether or not they approve of the principle of toll roads, and other matters which will be in the public interest.

These gentlemen are all prominent members of the Legislature, and all Parties are represented, and they have, up to date, gathered some very useful data.

It is not my duty, Mr. Chairman, to welcome you to this city, because we have with us our lady Mayoress, who is much more capable to extend that welcome than I am.

However, I do want to say it is a privilege to have you here, and I will ask our Mayoress to say

"Hello" to these gentlemen, -- of course, including Mr. Mackenzie. They are very affable gentlemen, and have been working steadily and enthusiastically upon the work which was assigned to them.

Therefore, with your permission, Mr. Chairman and gentlemen, I will ask our lady Mayoress, Miss Wishart, to welcome you on behalf of the city of Port Arthur.

HER WORSHIP MISS WISHART (Mayor, Port Arthur): Mr. Chairman, Mr. Wardrope, and visiting gentlemen; I might say this is most unexpected, as far as I am concerned. Ever since I received the invitation from Mr. Wardrope to attend, I naturally thought it was my duty to be here.

I certainly feel that we, in Port Arthur, are here to listen, and to learn what we can, and to any of you who have not been here before, I most heartily welcome you, as I believe your first impressions will be the strongest, and I do hope you will all have a good impression of Port Arthur. (Applause).

THE CHAIRMAN: Your Worship, Mr. Wardrope, and gentlemen: it is very pleasant indeed for us to be here.

We were very pleasantly entertained last night when we arrived in Port Arthur.

Perhaps I should give you some idea of why we are here, and the background of what we are doing.

We were set up originally -- or perhaps I should go back a little further than that, and tell you that we have a tremendous highway problem in this province as you all know. All you have to do is to drive your car any place in Ontario -- and I do mean any place -- and you will immediately become aware of our highway problem.

We have watched the development of toll roads in the United States, and it was decided that a Committee would be established by the Legislature to investigate the whole question of toll roads, and their possible application throughout the province.

This Committee was established originally in March, 1955. When the Legislature was dissolved in May, 1955, of course, the Committee was also dissolved.

As you all know, we had an election in June, and in September of last year, the Legislature met, and the Committee was re-established.

In our original approach to the problem of toll roads, we travelled extensively throughout the United States, and inspected the toll road in New York State, the one in New Jersey, the New Jersey Parkway and the Pennsylvania Turnpike. We were seeking to determine at that time the fundamental principle of toll roads, why they existed, what principles governed

their operations, and so on.

We produced an interim report which was tabled in and accepted by the Legislature in the latter part of March of this year, and the report briefly stated that we agreed with the principle of toll roads as a method of financing the construction of highways.

At that time, we made it clear that toll roads, as such, had no virtue over any other roads. We had constructed roads in the province using the same engineering standards of the roads in the United States.

However, the main question with which we are concerned is "Can we get more revenue, and can we produce roads faster if we put them on a self-producing basis?".

Having established that problem, we were left with the problem of how the principle would apply in the province, taking various counts of traffic in the province, traffic counts, and the necessity for roads, and that is the task upon which we are working at the present time.

It may be we will come up with a decision that while the principle is sound, there is no place for the application of it in Ontario.

However, these decisions have not been made by the Committee, nor will they be made until some time late in the fall.

We propose, in the fall, to travel quite extensively throughout southern Ontario, where our traffic is so very, very heavy at the present time.

It may be that you noticed in the press the other day what is going on in connection with what is commonly called the "Toronto by-pass", which is the portion of a controlled-access road which it is proposed will extend from Windsor to the Quebec border. The press carried an item the other day, that on one day that highway -- "The Toronto by-pass" -- carried 88,000 vehicles. That is within the last month.

I suggest there is not another stretch in North America which is carrying consistently that number of cars.

Our Queen Elizabeth Way -- a so-called modern road -- is carrying an average of somewhere around 50,000 vehicles a day. That is a fantastic traffic volume, and creates a tremendous problem, and, as I say, we have traffic problems which, in fact, are unequalled, in my opinion, on this continent. Whether toll roads will be a happy solution for it, we do not know.

In the fall, we will travel throughout southern Ontario, but we decided we would come up here and be here this morning. We will try to obtain public opinion

in regard to this matter and, because the problem is so widespread, we hope we can ascertain local conditions by travelling about, rather than asking you to come to us.

There is one other point I would like to make. I do not know whether any representatives of the trucking industry are here this morning, but we were somewhat concerned as to whether toll roads was the best method of increasing the revenue, and we have taken into consideration what is called the "weight-mile tax" or the "ton-mile tax", and while it is not specifically set out in our terms of reference, directing us to study that, the hon. Prime Minister at the Fall Session suggested that our terms of reference were wide enough to include it, and he asked us to make some investigation into it.

That leads us into an entirely new field, something we had not touched upon before.

The "weight-mile tax" very briefly, is an attempt to equate the weight of the vehicle, times the number of miles the vehicle covers in a stated period of time, the thought being that the heavier the vehicle, the more damage it does to the road, and the heavier the road construction must be, which is required to carry that vehicle.

We have just scratched the surface.

We had before us a Mrs. Long, of New York State, who is really an evangelist in regard to this subject, and she spoke to us for four or five hours, and certainly knew her subject.

They have a weight-mile tax in New York, which is running into certain difficulties, as it has its problems, but she gave us a very clear and lucid explanation of it.

Then we went to the State of Ohio, where they have in force, the weight-mile tax, and what they call the "axle-mile tax", and have related those to the weight of the vehicle, and it is easier to administer, when you can count the number of axles on the trucks, rather than having to run them over scales.

So that problem has been thrust at us as well, and if any of you have any suggestions to make on that score, we will be very pleased to hear them.

Then we get down to what really is a local problem. The Atikokan highway has received a tremendous amount of publicity, even in the city of London, in southwestern Ontario, where I live. We all know all about it, and do not think we do not.

I understand you have a very active Chamber of Commerce, and I understand some very active publicity

people here.

We understand one of the major points of interest here is the completion of the highway from Atikokan to Fort Frances, and that one of the major problems in that connection is the causeway which will have to be built over a portion of Rainy Lake.

We are going on to Atikokan tonight, and will meet with the Atikokan people tomorrow, and will meet with the people in Fort Frances on Friday, and on Saturday we are planning on going out to look at this causeway.

We definitely would like to receive information from you, if you have it, concerning the road as such, and concerning the causeway.

I doubt very much -- and I do not think I am expressing any conclusion for which I might be criticized by the other members of the Committee -- if it would be possible to have tolls in force on that highway, and to determine whether or not they would be feasible, you would have to have a traffic count of approximately 5000 vehicles a day, before there is any point in even investigating a toll road. You need that number of vehicles to justify the collection of tolls, the facilities, and so on, and I am sure the traffic count will not come even close to that figure.

But this causeway is another matter entirely. It will cost between $2 million and $3 million to build, and perhaps if the toll principle was accepted, it might be built a couple of years sooner than it would be otherwise. We are here to specifically investigate that possibility.

Once again, may I say that we are here for information, and it does seem to me, if this road is completed, just by looking at our map, a very large portion of what looks like a tremendous tourist traffic would be opened up, especially to American traffic, which would come in at Kenora, or Fort Frances, go down to Sault Ste. Marie, and back into Michigan, by another route.

However, it is a purely local problem, but I do hope that by briefly running through these things, I have given you some idea of what we are doing, and where we are going, and we would be indeed pleased to hear any submissions you have to make, and any information you can give us, which will assist us in arriving at the conclusions to which we will have to come in the next six or seven months.

We have our reporter with us, who looks after all the reporting of the debates in the Legislature, and if anyone wishes to speak, I would ask you to please

give your name, for the record, and if you do happen to say something you do not want to go into a permanent record, just give him a nod, because he is very discreet. Sometimes we have a little more free discussion if people know their remarks will not be recorded for posterity.

Have any of you who are present anything you would like to present to us?

MR. HERTIG: From your remarks, Mr. Chairman, you think it is hardly likely that the number of vehicles going over that bridge will reach 5000 cars?

I think it is very unlikely during the winter months, which constitute about nine months of the year, but we may have that number in the summer time.

I am primarily interested in buses operating over this route. In your investigations, have you been able to ascertain how the buses operate?

THE CHAIRMAN: It seems to me that problem was discussed in New Jersey. I think there is a special rate established for them.

MR. HERTIG: Our experience has been that where we cross at one particular spot between International Falls and Fort Frances, there is a toll bridge there. The price is established by the number of passengers in each bus, and we, in turn, have to put that fee onto

our clients.

I do not know that this particular type of set-up would be or could be controlled by the province. All I am doing is seeking information.

THE CHAIRMAN: I think that would be a matter which could be worked out by the Department, and I think there could be some agreement whereby you would pay a toll on the number of passengers you were carrying in one bus, and you, in turn, would know what it was before you started out, and could put it into your fare structure.

MR. HERTIG: We have been waiting a long time for this causeway. We know we have to pay for these roads one way or another.

Speaking on behalf of our Company, I am in favour of building this causeway,with tolls or without tolls, because eventually we will have to pay for it anyway.

THE CHAIRMAN: That is correct. Thank you, Mr. Hertig.

We are now open for any questions you may wish to ask, and to receive any information you are in a position to give us.

If we could have some general discussion on the proposed traffic, it might be a good thing. If you have any ideas as to what tourist traffic might be

[illegible]

[illegible] could be combatted by the previous.

[illegible]

MR. [illegible]: I [illegible] that would be a [illegible]

[illegible] would be worked out by the Department. [illegible] I [illegible]

there could be some a moment whereby you would by a

[illegible] on the [illegible] to determine you were [illegible] in

one [illegible], but [illegible]. In case, we'd know well if we [illegible] in

[illegible] absorbed [illegible], and [illegible] put it into [illegible] there [illegible]

[illegible]

M. [illegible]: We have been working along some

[illegible] [illegible]. [illegible] we have to [illegible] [illegible]

[illegible] one way or another.

[illegible] [illegible] [illegible]. I am in

favor of [illegible] this [illegible], with [illegible] [illegible]

[illegible], I [illegible] [illegible] we [illegible] [illegible] [illegible]

[illegible].

MR. [illegible]: [illegible]

[illegible]

[illegible] for [illegible] [illegible] [illegible]

[illegible], and [illegible] [illegible] [illegible]

[illegible] [illegible] [illegible].

[illegible]

[illegible] [illegible], [illegible] [illegible] [illegible].

[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

available by the construction of this road, we would be very interested in that, because we do not know.

We can only assume that if the link is built, there will be a great deal of tourist traffic.

MR. HERTIG: We are also in the resort business, and we know from nearly thirty years' experience, that of the tourists who come in here, a great many are repeat tourists. They come up here, and most of them want to make a circle tour.

I do not mean they repeat every year, but we might say every five years, and if they could continue to Fort Frances, and back by way of Kenora, we would not have all this traffic trouble.

At Sault Ste. Marie, there is an unlimited amount of tourist traffic.

THE CHAIRMAN: I see. They would come off the American highways, from Minnesota, and want to go out the other way?

MR. HERTIG: Yes. They do not want to go back over the same route.

HER WORSHIP MAYOR WISHART: Mr. Chairman, if I may speak to that: we have a tourist publicity bureau here, under Mr. Brown, who is on the committee, and has been for a number of years.

He knows that the Chamber of Commerce almost

daily has requests to find out if tourists can come in one way, and drive back over another route. They say, "Is there a circle tour we can make?".

In 1949, we went to see hon. Mr. Frost to urge the completion of the Lake Superior highway, and I heard ex-Alderman Brown say that he believed at that time a circle tour would mean more people in this area than the Seaway.

MR. BROWN: I still think so.

HER WORSHIP MAYOR WISHART: There are so many people who would like to take the circle tour.

I have been connected with the Bureau of Travel and Publicity for about five years now, and I think it would be very advantageous to us. I cannot think of anything here the people want more than more roads, because an automobile now is part of a person's way of living.

THE CHAIRMAN: That is correct.

MR. ROOT: Would you say if this causeway were built as a toll road, it would stimulate business, rather than retard it?

HER WORSHIP MAYOR WISHART: I think any new road would stimulate business.

MR. ROOT: You think it would more than compensate for the cost of the toll?

HER WORSHIP MAYOR WISHART: In our Council, when we supported the Steep Rock road we realized when we supported one road, we would probably feel we could not have a road in another area, but we still felt the road should be opened up.

MR. PHILLIPS: Atitokan, which has a population of 5000, ultimately is expected to have a population of 18,000 or 20,000. They have no agricultural area in their immediate vicinity.

On the other hand, the Fort Frances and Rainy River area has some excellent farm lands, and a highway connecting those two areas would open an area for farm produce from Rainy River and Fort Frances to Atikokan.

MR. COLLINS (Secretary): Would there not be a certain amount of produce shipped by highway now?

MR. PHILLIPS: Everything has to be shipped by railroad.

MR. COLLINS (Secretary): You think if there was a road connection there, a great deal of produce would go by road?

MR. PHILLIPS: That is the consensus of opinion now.

MR. ROOT: How many miles would it be from the farming area to Atikokan by the present highway, and how many miles would it be if the road was put through?

MR. PHILLIPS: What is the distance from Fort Frances to Atikokan?

MR. WARDROPE, M.P.P.: 87 miles.

MR. SANDERCOCK: That is,where the road would run from Fort Frances to Atikokan?

MR. PHILLIPS: Yes.

MR. ROOT: How many miles do they have to go now on the highway?

MR. PHILLIPS: You cannot get through at all by road now.

MR. ROOT: You have to go to the Head of the Lakes and back again?

MR. PHILLIPS: Yes.

MR. ROOT: How many miles would that be?

MR. HERTIG: About 450 miles.

MR. COLLINS (Secretary): It would be quite a ways?

MR. PHILLIPS: It is approximately 450 miles.

MR. SANDERCOCK: Is this just a dead-end road into Atikokan?

MR. PHILLIPS: Yes, at the present time. I believe it would cost $7 million or $8 million, which seems like a great deal of money. It would look to me like a very good investment in the development of this country.

MR. WARDROPE, M.P.P.: There was mention made a while ago about the necessity for this causeway or bridge. We feel, in this vicinity, that Highway No. 17 -- the Trans-Canada Highway -- will give us a tremendous tourist impetus over the loop to Sault Ste. Marie, into this country, and back to the United States at Fort Frances.

It taps a potential tourist reservoir of, I would say, 40 million people -- in between 20 million and 40 million people -- and that provides a potential tourist trade into this country, if that link is completed.

It is projected for the fall of 1957 or 1958, and it is one place where I feel tolls may be justified, if necessary to build the causeway.

I think it was mentioned that the thought was if it was made a toll proposition, the tolls would only be collected until such time as the total cost of construction was paid. After that, I think it would be the opinion of this Committee, perhaps, that it might become a freeway.

I think that is a very important thing to be stressed, and I think we should go on record here -- or I should -- as being in favour of this causeway and bridge being built, without tolls if possible, but, if necessary, with tolls, to have it completed more quickly.

THE CHAIRMAN: One of the recommendations we put into the report which has already been accepted by the Legislature was that these projects be treated as individual projects; in other words, tolls is simply another method by which to pay for them. Once they are paid for, they would revert into the free highway system of the province. They should not be self-perpetuating, going on and on.

Anyway, it gets back to the philosophy of toll facilities. We realize it is something you want, and want now, instead of five or ten years from now.

(page 1791 follows)

MR. MAGNUSON: Mr. Chairman, I would like to say a few words. I have a paper written out with the opinions I want to express. I do not think it is necessary to read it, but I would like to make a few comments. The paper may be placed in your records, if you so desire.

THE CHAIRMAN: That may be done, Mr. Magnuson.

---The following paper was presented by Mr. Magnuson, but was not read, but by direction of the Chairman, it is made a part of the record, and is in words and figures, to-wit:

"Mr. Chairman and members of the Committee:

There can be no question about the extensive use to which main highways are now being put by heavy motorized traffic and the immense increase in costs of road construction and maintenance which this has placed upon our communities at large. This has been a problem for sometime in old and established areas with fully developed means of communications and a large population. It is now becoming a particularly acute issue in such undeveloped areas of Canada as Northwestern Ontario where the most rapid development of communications, and specifically road transport facilities, are directly linked up with development of new industries, establishment of new

communities and more people, in an area rich in resources but sparsely settled and populated. From this point of view your efforts to ascertain the opinions of the local population concerning the principle of toll roads is an important undertaking to which we of the Labor-Progressive Party welcome the opportunity of making a modest contribution at this hearing.

Background of Historic Developments

In earlier days of settlement roads were more of an individual responsibility for the early pioneers which gradually evolved into a community responsibility that became far too expensive for the individual settlers to carry. While secondary and farm roads are still to a large extent maintained by the antiquated system of statute labor, the great network of highways linking one community to another all across the province has long since been a social responsibility.

With the advent of the automobile and heavy motor traffic, demanding national and transcontinental super-highwys, this responsibility has grown very rapidly in size and proportions to the point where various forms of revenue from taxation, licencing and other possible sources has to be measured against

the need for rapid development of new services and how best to distribute the costs of such services in a most democratic and equitable manner.

Roads Are An Essential Community Service

Roads, being an essential service that are in daily use by all the people of the community, must be constructed and maintained by public authorities on behalf of the community at large.

Inasmuch as the people of the community pay for the building and maintenance of such service by their taxes and licence fees, there should be no other charges to the citizens of our communities for the use of roads and public highways. The Labor-Progressive Party is opposed to tolls for such services as a general principle.

The Position of the Labor-Progressive Party on Toll Roads

Only in exceptional circumstances should the practice of collecting tolls for the use of highways, causeways, bridges or tunnels be resorted to.

Such circumstances are those where the desire for more efficient routes lead to the construction of facilities the cost of which are such that they cannot and should not be placed upon the people

of the communities or province in which they are built but rather upon those who use them.

And, even in such cases, alternate routes or provisions should be made available for the needs of local citizens without the payment of toll.

On the basis of the above the Labor-Progressive Party would be unalterably opposed to any proposal that would lead to the collection of tolls from the users of arterial highways such as the trans-Canada highway or any other such highway built for public use and daily service between various communities.

On the other hand, and basing ourselves upon the principle that certain types of facilities should be paid for by commercial interests that use them to profitable advantage, the Labor-Progressive Party would support the proposal to finance the construction and maintenance of a causeway across the Rainy Lake and the proposed bridge between Fort Frances and International Falls, Minnesota, by tolls, but on the condition that such facilities should be built and operated by the public authorities with the guarantee that the tolls should be reduced to the cost of maintenance as soon as capital costs of construction

are paid off.

Conclusion

The need for speed in construction of such costly facilities as causeways, bridges, tunnels, and such like developments, may make it necessary to turn to methods of financing which help to facilitate such large and immediate capital investments for development purposes. To the extent that certain limited tolls help towards this end it will have the support of citizens generally, providing such tolls and facilities do not become instruments in the hands of private interests for the securing of profits. It is imperative that such facilities be developed by public authorities and confined to capital costs and maintenance.

As to the availability of public funds for such purposes it must be pointed out that this matter depends mainly upon the kind of policy and purpose to which public authorities -- federal and/or provincial -- are using public funds entrusted to their administration. A characteristic example of this is the fact that over $200 million of public funds have been wasted on what is already an obsolete so-called radar defence line across

Canada, while such a vital line of communication as the trans-Canada highway is still far from completion despite a quarter of a century of talking but little-doing towards actual completion.

The Labor-Progressive Party shares fully in public hopes and great expectations for more public services and economic development in this part of Ontario. In this connection we urge careful scrutiny of all public expenditures, not only from the point of view of quantity but qualitatively to ensure the greatest possible value for every dollar spent.

(signed)"Bruce Magnuson"
On Behalf of

Northwestern Ontario Regional Committee
The Labor-Progressive Party.

44 North Rockwood Ave.,
Port Arthur, Ont. June 20th, 1956. "

MR. MAGNUSON: I think it is very good of the Committee to come up here and try to ascertain the opinions of the public on this question, because I think it is a very important one.

It seems too bad there has not been more interest shown in this hearing this morning. I think it is rather a poor turnout for an object of this kind. That may be due, in some measure, to the fact that the notification

of this meeting was received rather late, and people should have had a little more time to think about it.

The question of road construction in old and settled communities, with the tremendous traffic they have today, such as heavy motor traffic, the big transports, and so forth, is obviously a matter which creates a large financial problem.

But it becomes even a greater problem in the sparsely settled communities, like those in northwestern Ontario.

In other areas, the roads have come after the settlements, but here we are up against a situation where, practically speaking, the roads will have to come before the settlement by the people, in many cases.

We have to have roads between communities. In the area between Atikokan and Fort Frances there is no appreciable settlement between those two places.

I do not know the exact length of this bridge which I understand is to be built; probably three-quarters of a mile --

THE CHAIRMAN: Three miles.

MR. MAGNUSON: There is one place where they should be able to go across more easily than that. I know this country fairly well, and I feel this way about it, that in an exceptional case like this, where there is

such an expensive causeway to be constructed, and also in the case of the bridge at International Falls, it would be quite alright if some such thing as a toll would be collected to help pay the capital cost and the maintenance.

I am not opposed to that. I think under these exceptional circumstances, it is quite alright, but I would be opposed to the idea of trying to toll roads, generally speaking.

There is another thing about that in this area, that with the amount of traffic which comes here over our roads, and which will increase appreciably with the development of the country and increase still more when the Seaway is completed, there will be a need for two-lanes -- or perhaps even larger -- highways between here and Winnipeg.

I do not know which would be the more feasible, but there will be a tremendous amount of truck traffic, and before a considerable amount of time, there will be quite a great deal of money which could be collected in tolls from the heavy traffic which will be running over the roads.

There is no doubt in my mind that the bridge at Fort Frances, and the causeway over Rainy Lake, and the completion of the Trans-Canada Highway from here to

Sault Ste. Marie will induce a great amount of tourist traffic into this area, and people will be arriving in greater numbers within a very short time after the roads are completed.

There are many people who come up here now who have to turn back, because there is no way of getting down east, except by highway number 11.

There is one more point I would like to make. When we come to the question of finances, one can appreciate what amount of money it will take to build a highway, and there is certainly a tremendous amount to be spent, and it should be spent, and it needs to be spent, because we need the roads, and need the development.

Nevertheless, there are public funds available for spending purposes, which should have gone into such things as roads.

I have in mind that we have built across this country a telephone line, costing $200 million, which is now obsolete.

I worked on the first section of the Trans-Canada at English River, and it is still not completed. That may not be so essential.

I would say, finally, that insofar as the province is concerned, as I mentioned in the written statement, there are exceptional cases in which the people who use

the roads should contribute to their capital construction costs, and the costs of maintenance, rather than the communities, or even the province itself paying for the total cost of building these roads, because this is a historical situation, which has reached the point where they no longer build railroads to serve the communities around this area, and now we have to accommodate the traffic which comes from far away.

It is not fair that the local taxpayers should have to provide the facilities to be used by commercial interests which do not contribute anything to them. It is on that basis I think a toll should be charged, but I do not think it should be charged to people who are using it for their daily use, and for community purposes.

Have I made my position clear? If not, I will be glad to answer any questions, and I would appreciate being given the opportunity of explaining my position, if I have not made myself clear.

THE CHAIRMAN: Thank you, Mr. Magnuson.

We have seen in other toll facilities, no answer to one of the problems you raised.

Many of the toll roads in the United States find that, because of the out-of-state traffic which uses them. They have a problem which we do not have here exactly the same way. The States of Ohio, Pennsylvania, and

New Jersey are what are called "corridor States". Ohio lies between the industrial network from Detroit to Chicago, and the industrial traffic is very heavy, and they have a tremendous traffic which enters at one border, and travels across the state, and out at the other border, without purchasing even any gasoline.

We gathered that was one of the motivating factors for establishing their toll road, and also their axle-weight tax.

New Jersey is in the same position. The majority of the traffic in New Jersey is from out of the state, and recently they have provided the facilities but, in turn, they receive no return from the people who are using the road.

We made a close study of the application of the gasoline tax, and license fees in Ontario, and we found out there has been no diversion of funds in this province, excepting through the war years when highway construction dropped to a very low level, because the materials would be diverted for war purposes.

There were only one or two sections where the revenue exceeded the expenditures, and I think, over the thirty-year period, the collections from motorized trucks, by way of gasoline tax and license fees, was approximately 69 per cent. of the amount of money

spent on the highways.

These figures indicate we have no diversion of revenues which we receive from the motorists into other fields, such as education, and so on.

In regard to the New York Thruway; they have a system which is over 400 miles long, and if you are licensed in the State of New York, you can buy a yearly pass for, I think, $20.00, which permits you to ride on the Thruway, throughout any portion of its length, as many times as you may wish.

In other words, instead of paying the toll, you will pay what really amounts to a yearly license.

However, that is available only to the people in New York State, and not to the people from out of the state.

It is possible, if we approved the building of toll facilities, some similar system could be worked out for the local residents who must use the facility to commute to work, or something of that nature.

The same problem will arise if the government decides to toll the new causeway, and as well, the Burlington Skyway, located just outside of Hamilton.

It is quite possible that some type of yearly pass will be sold to local residents. After all, if you want to use the road to go to work, using it only

once in the morning and again the afternoon to return from work, it would be unfair to toll you the same as you would toll other persons who use it for pleasure, or as a means of getting from point "A" to point "B" on occasion.

That will be considered, if the principle is adopted as a whole.

MR. YAREMKO, Q.C.: I am glad the Chairman mentioned the problem of the causeway and the Skyway. That shows how the problems are similar, even though they are thousands of miles apart.

The Burlington Skyway is a vital necessity, and has been for twenty years. I understand it will cost $20 million to build, which is a tremendous amount to spend on one project, even though there will be many thousands of cars using it every twenty-four hours.

That is a problem with which the people in southern Ontario are faced, and here you have the problem of another facility which is apparently badly needed and we are concerned with the question of how to pay for that bridge and the causeway in view of the heavy travel to be expected to go over it.

THE CHAIRMAN: The County of Wentworth has a Suburban Road Commission, which appeared before the

Committee last fall, and their reasoning was very direct; they felt if the facility could be tolled, and if the ordinary highway funds did not have to be put into it, because of the toll, the highway funds could be used to help relieve some of their local street problems, and in that event, they would be quite prepared to pay the toll.

However, I do not think a decision has been arrived at as to whether that bridge will be tolled or whether it will not.

(page 1805 follows)

MR. ROOT: Some mention was made by the last speaker (Mr. Magnuson) regarding commercial trucks.

May I ask if he has given any thought to the weight-mile tax, or the ton-mile tax to try and support his position?

MR. MAGNUSON: No. I would say, in regard to the specific application to that, there has been no experience with which I have been connected in any way, shape or form, but I would think, in a case like this causeway that some such thing as an axle-mile tax would mean that local traffic on long hauls,should pay a proportional amount of the charge.

Insofar as the cost is concerned; if I wanted to go to Atikokan , rather than taking the present long way around, I would have no objection to paying whatever toll was necessary.

It is like the bridge in British Columbia, in Vancouver, where they pay to get across, instead of going four or five miles around the lake. I think that is quite reasonable. The only thing in that connection is that it may be cancelled once the capital costs are paid.

Mr. Chairman, I forgot to mention about the bridge in British Columbia. I understand it is a private company there operating it as a toll road. I would be

opposed to anything like that. It should be operated by provincial authority.

THE CHAIRMAN: I might say that also in the report we have submitted to the Legislature, we stated that any such facility, if and when built, should be built by a Commission, which would come under our Department of Highways, because when such facility has to be integrated into the entire highway system, that could be more easily done, and it would not exist as a separate entity.

We feel that may be part of the solution to the problem, if and when a toll project is built as a separate entity, not from the funds of the Department of Highways, that in due course when the capital expenditu is paid off, the road will revert into the highway system.

I think Mr. Hollonquist of the Northwestern Teamsters' Association is here. Perhaps he would like to say a few words to the Committee.

MR. HOLLONQUIST: Mr. Chairman and gentlemen; I am here mainly with a watching brief.

I cannot declare any policy on the part of nor on behalf of the Association, but I can assure your body here that when the possibility of toll roads going in, with whatever the advantages may be to northwestern Ontario, that a number of our large and small operators

using the highway will be very much concerned.

Not being able to declare what side we are on on account of the fact that we are unalterably opposed to toll roads, nevertheless, I would like to say that, regardless of who it is, we must think of the economy of the area, and I am sure that whatever situation with which we may be faced, we are sure that what will be done will be with the best interest of the area in mind.

That is all I have to say.

THE CHAIRMAN: Thank you, Mr. Hollonquist.

Mr. Root, you might explain the principle of partial tolls, which is adopted in some areas.

MR. ROOT: Our Committee, in its report, suggested the possibility that since our traffic is not as heavy in Ontario as in some of the American jurisdictions, and we have wide areas where the traffic is not nearly as heavy, it might prove to be a sound principle for the province to pay the cost of the basic road, for instance, the access highways, and when a super-structure such as a causeway or the Skyway, or a superior highway is constructed as the balance of the access highway, that portion of it be tolled.

That would make the toll about 75 per cent. of what the normal rate would be.

The American system has been largely a system

of 100 per cent. tolls, and from the feasibility tests, we might find that a number of our roads would not be able to finance the cost.

I have in mind the timber operators, who operate heavy trucks, and carry heavy loads, and which operate constantly, but yet, in some parts of the provinc during certain seasons of the year, they are restricted to half-loads.

MR. HERTIG: Usually there is difficulty already with bridges or something of that nature, which were not intended to carry heavy loads, and this has quite an effect on the smaller operators, saying they are trying to get the wood into the mills. It has quite an effect on them.

MR. ROOT: How would this weight-mile tax work?

Under the New York weight-mile tax regulations, you have to have the number of miles you drive based on the maximum registered load. I think they can go in, I think it is once a year, and reduce the maximum load registration.

THE CHAIRMAN: What they have is the maximum loaded weight of the vehicle, and they pay tax on that basis. They will permit you to change that figure once a year.

We will run up against this half-load problem.

It means a man is paying a license fee on a full loaded weight, when, by regulation, he is only permitted the same operation, with one-half of that loaded weight, and we will have to have some system of adjustment for cases of that kind.

In other words, it might be advisable for the tax to drop during the period when an operator cannot have the full use of his equipment, and then increase the tax, when the full load is again permitted. There are other administrative difficulties, which I am sure you can all appreciate.

MR. ROOT: That was one of the arguments we had in connection with our report for tolling super-highways.

On the super-highways, where grades are cut and there are no stop-lights, and where you can get a better gas mileage than in heavy traffic, such as is on the other roads, where the curves are straightened out and everything is done along that line, is why we suggested to toll certain other roads than these superior structures.

HER WORSHIP MAYOR WISHART: I think it is very important, as far as this area is concerned, to have roads. That is the first thing. As Mr. Magnuson and Mr. Phillips pointed out, that is the main

cry right now, that we have not sufficient well-kept roads in this area.

As it is now, if you want to drive to Toronto, you go via Minnesota, Michigan or Wisconsin, and across the border at Sault Ste. Marie. We are in a very unfavourable position here in regard to roads. You have all heard the slogan, "Know Canada Better". I cannot help but feel that if this country were opened up, with better roads, the matter of a toll road should be one of the last things the people should complain about. I think this would work out, without too much burden being placed on the people.

As you probably know, this northwestern Ontario is -- I would not say " two-fifths" but close to it -- of the whole province of Ontario, where we have so many natural resources, but where the population per square mile is small, and I think the answer would be in roads.

Many of us have lived in this area for a long while, and we are looking for the day when this country will be opened up.

MR. SANDERCOCK: I am sure this Committee, all members of the Legislature, has heard a similar story, and your good local member here, in the person of George Wardrope, is continually bragging about this country up here and when he starts begging --

MR. YAREMKO, Q.C.: Not "begging"; "demanding" is the word.

MR. WARDROPE, M.P.P.: Thank you, Mr. Sandercock. I wonder how the other members feel. We have a wonderful country up here, as was no doubt made evident to you in the members' tour which was made a couple of years ago, and my colleague, the hon. Mr. Mapledoram has expressed the same opinion to this Committee, because we know it is true.

Getting back to the half-load regulations: it is a serious problem in this district, and the season for half-loads runs from about the middle of March to the end of May. It prevents the hauling of pulpwood and, as a matter of fact, that period of the year is their most busy season.

Their expenses are the same as during the whole-load season, and it is a serious situation for them to be compelled to operate with half-loads.

Then the men who are actually hauling the pulpwood, may be receiving $20. for a load, and if that is cut down to $10., it is a serious loss. However, that has been proven necessary, owing to the condition of our roads.

I mention that to you for the reason that we have to consider the extra tax, either on axle weight

or anything of that nature, and that extra tax, if imposed, has to be taken into consideration, and further tax in this district would bring about a certain amount of suffering on account of our long drawn-out springs.

This will have a great effect on the earnings of certain industries in this area.

We have a heavy tax, as you know, and to further add to that will place an extra burden on these operators, particularly if it extends to this half-load season.

Perhaps you can make some mention of that when you are preparing your final report.

THE CHAIRMAN: We will indeed, Mr. Wardrope. That problem has been discussed, and, strangely enough, it exists to a certain extent in southern Ontario. It must appear unfair for men living on or adjacent to the old service roads, whereas if you are situated 25 or 30 miles away on a county road, you do not get full value for the license fees you pay, such as you would if you lived in some parts of southern Ontario.

That will be discussed thoroughly, insofar as our recommendations are concerned, when we are considering the weight-mile tax.

We can only recommend to the Legislature, as you know. The problem is there, and will not be forgotten

I think Mr. Root will make sure it is not forgotten.

MR. HERTIG: The New York and New Jersey Turnpikes; are they built by the states or by private companies?

THE CHAIRMAN: There is not, to my knowledge, a privately-owned and operated toll road in the United States. There are certain bridges, and things of that kind, of course.

MR. HOLLONQUIST: When the capital cost is paid, the toll is done away with?

THE CHAIRMAN: No. Some of these facilities were built many years ago, and it was risk capital which went into them, and they were primarily a commercial undertaking. The whole concept of this, in the first place, was different than what we are talking about now, because it was a straight business venture.

MR. MAGNUSON: In the first place, I mentioned I would be opposed to any toll on any roads, in general. But if such a thing should come about, we have to give consideration to the farmers who are cutting pulpwood, and hauling it into the mills, as they would be the persons who would be least able to pay anything, because they are selling their product for less than half what they should be getting. Then, when they do haul it , they have a hard time being paid, even for their labour.

If they have to pay toll, it would certainly be a burden, but for companies owning their own trucks, and hauling for long distance, throughout the country, that is a different matter.

There is another thing, Mr. Chairman; about half of them are already paying a sort of toll in the way of statute labour, in connection with the secondary and county roads. That is another way of having the roads paid for in the country.

So, from that point of view, they are faced with the possibility of paying more than once.

MR. ROOT: Mr. Chairman, I wonder if anyone would like to comment on this: would you think, in this area, a toll on a super road would be more acceptable than the weight-mile tax on trucks, having regard to the half-load business? Would the weight-mile tax be more acceptable than tolls?

MR. COLLINS (Secretary): I think it should be explained that one of the advantages of the weight-mile tax is its flexibility.

THE CHAIRMAN: Before we get into this weight-mile tax, which is another aspect of our enquiry, perhaps we could have a short recess, to give our reporter a "break", and I believe one of the newspapers wants a picture, and they are getting close to their deadline.

---Whereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: Mr. Collins, will you continue with what you were saying about the weight-mile tax?

MR. COLLINS (Secretary): A discussion of the problem of the weight-mile tax is perhaps somewhat unfair, because you are not too familiar with the background of it. We just recently became involved in studying it, as Mr. Robarts has explained.

Our present system is based on the registration fees and gasoline tax, and I imagine the truck operators are familiar with the revision of the registration fees which was brought about, because of the great demand for road construction, and the problem of trying to keep pace with the traffic requirements.

The registration affects everybody equally, whether you travel five miles a year or 50,000 miles per year.

The States which have established the weight-mile tax, or a version of it, are attempting to equate the cost involved in putting the road in.

An operator travelling 15,000 or 20,000 miles per year will damage a road more than if travelling only 5,000 miles. That is the philosophy behind it.

To follow that up, it would mean it probably

would reduce your registration fees to a normal amount, and collect the balance from the weight-mile tax, and when you have the half-load limitation, that would have to be taken into consideration, to make the arrangement fair.

I wanted to explain that point to you gentlemen.

MR. ROOT: The weight-mile tax affects only the heavy commercial operators, it is one way of registration.

The tolls are established from the passenger car point of view, and with the weight-mile tax, the heavier the vehicle, the heavier the toll, and it affects the whole registration.

Which do you think this area would favour most, the tolls on the super structures and super highways, or do you think you could raise your revenues by the weight-mile tax?

MRS. ROBINSON: One of the gentleman asked me if I belonged to the Ladies' Aid.

My opinion in regard to toll roads is this: I think they are alright in an area where there is sufficient traffic, but in this part of the country there would only be one road, and I do not think a person should be penalized in going over that road, when they are paying

the gasoline tax and the registration fee.

If there was the traffic, I think it would be alright to charge a toll, but, on the other hand, on a highway to places like Fort Frances and Atikokan, I do not think there should be a toll road there. I do not think the people would "go for" that.

We have travelled by car for years, and I will admit that I have not been any further west of here than 15 miles on the Canadian roads, because I have heard many reports from people who have gone over them.

To the northeast, I have only been as far as Geraldton. We always go through the States, when going down east.

We cannot be spending too much money to get tourists up here, when we have no roads for them to travel on, and when we do not travel on them ourselves.

The tourists do not want to come up here and go back on the same road. They like to travel one way on one road, and come back by another.

The way it is now, people coming up here from Duluth have to come and go back the same way. That is my opinion.

I just cannot "see" the toll roads.

MR. YAREMKO, Q.C.: Perhaps it would be proper

to bring out this point, that the basic principle of toll roads is based on having an alternate road available for the public, but that does not always apply where there are special types of facilities.

For instance, let us consider an area like Manitoulin Island where you cannot get on nor off of it without paying a toll of some kind, either a bridge, or a ferry.

There must be at least 5,000 people -- and perhaps more -- who cannot get on nor off of the island without paying, because of the special conditions which exist in that particular area.

MRS. ROBINSON: I can understand it about a bridge, but not a highway, like the one from here to Atikokan.

MR. ROOT: That was the basis of our recommendation last year, that the province consider building a road out of general revenue. The highway would be built by the province.

But a super structure is something you do not build every day, and you do not build skyways every place, and these are the things which might be expected to be tolled.

MRS. ROBINSON: We have never travelled on a toll road. We have paid to cross a bridge, but that

is all.

HER WORSHIP MAYOR WISHART: I think we are in a peculiar area. We are in an area with great natural resources, and we want to open them up. There is not enough population here to carry such great expense. I believe that perhaps is why you are here.

From our angle, it will be beneficial and very advantageous for this country, if the country could be opened up, but we must consider there is only so much money to do such a big job.

I think from that standpoint, I cannot stress the matter too strongly.

I, for one, would not object, if it was going to be of benefit to the community as a whole, particularly if the charge would be wiped out after the capital cost had been taken care of.

I, personally, would not be against paying my share toward something which would help the community as a whole.

MR. YAREMKO, Q.C.: The problem as I see it is that you are going to tie up a great deal of money in one single road, rather than make the development of access roads generally, and if you only have a certain amount of money, and if you tie it all up in one road, everything else stands where it is, whereas, if you

provide money for high-cost facilities out of money which would be ordinarily charged for the use of the facility, other money would be available for the development of other access roads.

We only have a certain amount of revenue to start with.

MR. ROOT: I think I might add to that. In the report we tabled, we gave the information that there is a backlog of work to bring our highways up to a tolerable standard, which will take approximately $1 billion, and in regard to the municipal roads, there is another $780 million of backlog, which calls for increased grants.

I think there are some 700 or 800 bridges which should be replaced, as the present ones are narrow and antiquated, and that is the problem with which the province is faced at the present time.

How will we catch up with this backlog, and build the road from Atikokan to Fort Frances, and at the same time look after the backlog of road construction which is present in southern Ontario, and the thing which we are trying to find out is the best way to finance these structures, whether it be by constructing toll roads, the gasoline tax, the weight-mile tax, or whatever it may be.

MR. PHILLIPS: This Atikokan road is not just a proposal. The hon. Prime Minister has definitely promised northwestern Ontario that the road is to be built.

MR. ROOT: That is alright. That is part of our backlog.

We have a King's Highway in southern Ontario, nine miles from where I live, and it is still a gravel road , and we are compelled to travel with half-loads three months of the year.

MR. PHILLIPS: I think Mr. Magnuson raised a very important point, which merits perhaps a little more comment with regard to the traffic from the Lakehead to the west.

As you are well aware, the Lakehead and western Canada look forward to the coming of the Seaway, and whether the process will be a gradual one, or will be accelerated over a short time, we do not know, but there certainly will be immensely increased traffic which will be available.

The province of Manitoba, for instance, has endeavoured to anticipate some of the prospects of the problem which will be facing western Canada when the Seaway is completed.

Professor Mayer of the University of Chicago,

made a study, and it included highways, and as that comes, I imagine, within the scope of your Committee, I thought his brief might be of some interest to you.

I would like to read a portion of what Professor Mayer has said in this regard:

> " Land routes between the prairie provinces and the lakehead ports also are urgently in need of re-planning. The railway facilities except in the ports themselves are adequate to handle a considerably greater volume of traffic than presently moves, but the highway facilities are woefully inadequate. It is true that the Trans-Canada Highway will soon make available an improved route, but the physical standards between Winnipeg and the lakehead are designed for automobiles rather than for heavy volumes of trucking. Furthermore, since that stretch of the highway may be expected to carry a considerably greater volume of traffic than the sections to the east and west of it, there is indicated the necessity for construction to heavier standards, or more rapid amortization and replacement, or both. The situation calls for early study of the highway requirements of the traffic to

be generated to and from the lakehead ports, as well as of motor truck access to the facilities in the ports themselves."

I will leave a copy of the entire report with your Secretary, in case you would like to make some reference to it.

THE CHAIRMAN: If we may have that, it might be incorporated directly into our records.

That is a very interesting point you raise, Mr. Phillips, and I think it is something we should consider.

These background points, to my mind, are very important, in order that our planning may not be simply for this year or next year, but for perhaps ten or fifteen years ahead.

---Professor Mayer's report was admitted into the record, by direction of the Chairman, and is in words and figures as follows, to wit:

" There are two other matters related to the Seaway which are of vital importance to western Canada. They are (1) deepening of the connecting channels within the Great Lakes, and (2) improvement of the facilities at the lakehead ports and of access to them.

The present St. Lawrence Seaway project, including the deepening of the Welland Canal,

will provide a channel with minimum depth of 27 feet as far as the west end of Lake Erie. Thus the westernmost port to which vessels could operate, if adequate harbour channels were available, would be Toledo, Ohio. Beyond Toledo, the channels connecting Lake Erie with Lake Huron -- the Detroit River, Lake St. Clair, the St. Clair River -- and those connecting Lake Huron with Lake Superior in the St. Mary's River have a depth permitting draughts of up to 24 feet for downbound vessels and 21 feet for upbound vessels. The Straits of Mackimac, leading into Lake Michigan require no deepening; and, more important for Canada, the American Soo locks can admit the largest Seaway vessel without modification.

At the last session of the United States Congress, a bill was introduced providing for deepending of the Great Lakes connecting channels entirely as a responsibility of the United States, at an estimated cost of $115 million. This bill passed the House of Representatives, but still requires action by the Senate. This project would be economically justified even without the Seaway, for existing lake vessels in the

ore and grain trades cannot now carry full loads because of draught restrictions in the connecting channels. The very low costs of bulk transportation within the Great Lakes can be lowered even more.

Without deepening of the connecting channels, Seaway vessels will be able to reach lakes Michigan and Superior, but with some physical limitations upon loading, as previously indicated. It is not absolutely correct to state, as one enthusiastic proponent of the channel project maintain, that the Seaway will not be of substantial benefit to the lakehead areas and beyond without the project. It is true, however, that the maximum benefits of the Seway will accrue to both nations only with deepening of these channels to depths corresponding to those of the Seaway proper.

In the United States there is currently considerable pressure on the part of some groups for the charging of tolls to finance the deepening of the connecting channels. This pressure stems largely from the railways and other carrier competing with the water carriers. If tolls were to be charged, it would not only necessitate a change

in the historic policy of the United States -- as old as the nation -- of free use of inland waterways, but would open up the possibility of tolls on many other waterways. Since the overwhelming preponderance of traffic which would more through these connecting channels would be traffic not directly affected by enlargement of the Seaway proper -- Canadian, United States and international intra-lake traffic -- and since the localization of basic industry in the Great Lakes region is in large measure based upon free use of these waterways, the imposition of tolls would be a serious disturbance to the economy of the region, and, in fact, to both nations.

The advocates of tolls for inland waterways other than the Seaway proper do not understand that anything which represents lower, rather than higher, transportation costs, will accrue to the benefit of all carriers by encouraging greater industrial and commercial development. This in turn will produce additional traffic for all carriers, since any expansion of basic industry will produce expansion in other lines of economic activity.

It is important to western Canada as well as

to the midwestern United States that the waterways of the Great Lakes region, except for those involved in the Seaway project proper be subject to no artificial restrictions upon their use, such as tolls. If it is in the national interest of either Canada or the United States, or both, to improve these waterways, such improvement should be paid for by the nation or nations, and not by the users directly. Likewise, any benefits from their use should be spread as widely as possible and not accrue to the carriers and shippers exclusively, except for a reasonable profit.

For Fort William and Port Arthur are the ports through which the preponderant part of western Canada's products move through which much of its consumer and producer goods requirements are handled. They are not modern ports. It is true that the grain elevators are reasonably adequate and could serve ocean-going vessels with little chance in facilities, except for dredging of deeper channels. However, the general cargo terminals are obsolete, having been built many years ago and designed for side-port loading and discharging to and from lake package freighters.

Modern ocean-going vessels of the type which will transit the Seaway load discharge through vertical hatches. This handling requires much larger shoreward areas for assembling and handling of cargoes, modern sheds for palletized storage and movement by mechanized equipment, heavy floor load capacities, wide wharf aprons -- 40 to 50 feet in contrast to the existing 8 to 10 feet -- and access to shoreward loading docks, shed interiors, and shipside aprons by both railway cars and motor trucks. An increasing proportion of port traffic -- in some major ports over 60 per cent -- may be expected to be handled shoreward by highways carriers. At the Canadian lakehead ports, all of the present general cargo terminals are railway owned, and about 90 per cent. of the waterfront vacant areas potentially available are owned by the two railways. It is important that all carriers be given good access to the port and that competition be such as to stimulate the construction and operation of modern terminal facilities, if the maximum potentialities of water-borne movement and consequently lower costs of general cargo, in addition to the bulk cargoes, are to accrue to the

benefit of western Canada. There is, furthermore, despite the community of interest between the two major lakehead ports, no coordination of their facilities or operation, and no comprehensive planning for the future development of the ports either separately or jointly. In its submission to the Royal Commission, Manitoba pointed out the urgent necessity of a study of the lakehead port situation."

MR. PHILLIPS: The next paragraph I have already read into the record, and I will not re-read it.

The report goes on as follows:

" We have touched upon a number of the major conditions affecting the use of the enlarged Seaway and have brought out some of the problems which must be solved and decisions which must be made if the maximum possibilities of the Seaway are to become realities. Time and patience do not permit us to mention other of the multitudinous potential effects upon Canada as a whole or upon the various regions of the country. We have seen, however, that the Seaway improvement will be of great benefit and will produce important stimuli for economic growth. It is also producing some problems. It is important

that the decisions which are made relative to the solution of these problems be made in such manner as to be of maximum benefit to as wide a segment of the national economy as possible."

MR. PHILLIPS: There is a very high mortality rate in regard to trucks between the lakehead and Winnipeg, owing to trucks going through culverts and bridges.

HER WORSHIP MAYOR WISHART: There have been a number of deaths.

THE CHAIRMAN: I believe Mr. Booth has now arrived, and we are sorry that he found it necessary to come in a little late. He is from Fort William, and I would like to introduce him to the members of our Committee.

Right next to you, Mr. Booth, is Mr. Sandercock, then Mr. Mackenzie, Mr. Collins, our Secretary, my name is Robarts. Then our reporter, and next to him is Mr. Root and Mr. Yaremko, Q.C.

We would be very glad to hear anything you may wish to say to us, Mr. Booth.

MR. BOOTH: Mr. Chairman and gentlemen; I was asked by the Mayor just a few moments ago, to come over and represent him. I made no preparation to speak, and probably I should listen for awhile.

Listening to the remarks by Mr. Phillips,

may I say that the opinion of Professor Mayer is sound, in view of the heavy type of traffic anticipated over our roads in this area, some of which are really "travelling box cars", and our roads are certainly sub-standard to take care of that type of traffic for any length of time.

The cost of building roads which will stand up to heavy traffic, amounts to a great deal of money. Just what will be done about it, I do not know. I cannot express an opinion on that at the moment, but I would say that the road west of here -- between here and Winnipeg -- is not in shape to take care of the heavy traffic.

There has been a considerable amount of work done on it, but it will certainly have to be brought up to standard.

I cannot give any expression of opinion from local authority supporting the idea of a toll road. Perhaps down east where traffic in the States is very heavy, toll roads may be the solution, but I am speaking of the necessity of toll roads in this area.

Perhaps, at a later time in the discussion, I may have some further comments to make.

THE CHAIRMAN: Thank you, Mr. Booth.

MR. PHILLIPS: It is nothing new to the people

of Fort Frances. They are "stuck" with a pretty high tariff now between International Falls and Fort Frances. I believe the toll is 40 cents a car and 10 cents a person.

THE CHAIRMAN: Is it also privately owned, Mr. Phillips?

MR. PHILLIPS: I believe so.

THE CHAIRMAN: I believe there is also a new toll bridge going in at Sault Ste. Marie. It came up in the Private Bills Committee of the Legislature, and it was provided that when the bridge is paid for, it will become a free facility.

MR. YAREMKO, Q.C.: When all the bonds are paid off.

MR. PHILLIPS: Another is a bridge at Rainy River, which will give another link into this part of the country.

MR. YAREMKO, Q.C.: Mr. Phillips, one of the things I think the Committee has discovered is that tolling a road brings about the construction of the road much earlier than otherwise would take place.

Our latest visit was to the State of Ohio, where they have a toll road, and they are faced with the difficulty that the tolls have not lived up to the expectancy, and some criticism has been made of their

having built a toll road at all. Yet, when speaking to the highway officials, and asking them the question, "Is the road needed?", the answer was "Yes". They say their problem was that if they had not tolled the road, it would not have been built when it was, even though it may have been built eventually. We asked them if they would care to estimate when the road might have been built, and they said, "Oh, perhaps fifteen years from now it may have been completed, whereas we have the road today".

They think that the tolls have brought the road into being much earlier than they ordinarily would have had it.

MR. ROOT: I mentioned the backlog of work, and the information we received was that if we did not increase our building programme, and increase our revenue, in ten years, the backlog will increase to about $2,800,000,000, and we either have to "drag our feet" or get more revenue to apply toward roads.

You want roads up here, and we want them down east, but the question is -- and it is an important one -- who will pay for them?

MR. PHILLIPS: I think that will be partly a solution in southern Ontario, but if you build more roads to satisfy the traffic problem up here, will it

solve the problem in the east?

THE CHAIRMAN: There is rather a bit of interesting information in regard to highways generally. We have found in discussing this with jurisdictions where the roads have been built, there is (a) what they call "induced traffic". In other words, if you build a road which is designed for the traffic which is already there, and it leads to an increase in traffic, and also will lead to increased industrialization, the standard of the road will have to be improved.

The highways are in almost the same position as the railways were at the turn of the century. When you built the road, there was no industry.

The New York Thruway people told us that there was at least $100 million of industrial construction, which came about as a direct result of the New York Thruway.

The Ohio people have not had their road open and operating for a sufficiently long period of time to be able to tell accurately, but industry is moving out along that road.

I think that is a factor we must consider when considering such a road as that which will form the Atikokan-Fort Frances link.

MR. PHILLIPS: In our part of the country, they

built the road to serve the Red Lake mining area. That was primarily served, but on the heels of that development, between 80 and 90 resorts have been opened up, and that brings a great deal of money into Ontario from American fishermen and hunters.

THE CHAIRMAN: The highway from Toronto to Barrie has had a tremendous effect on the Muskoka area. It is almost a new suburban area now, and leads to Buffalo, and the northern fringe areas of the United States.

MR. MAGNUSON: I would like to say one word about priority projects in the way of road construction.

As I said before, we have been confronted with a situation where we have built roads, and then industry and people have come in, and there are at least four or five priority projects which I think should be listed, perhaps, in this order, as I see it, and which I think are pretty well established, if you just look at them.

One is the completion of the Trans-Canada Highway from here to Sault Ste. Marie. We consider that as very essential.

The second one is the construction of the Fort-Frances-Atikokan Highway, with its causeway bridge.

I do not know if the engineers have any

alternative routes in view, because from travelling on that, it seems to me that the causeway is rather long as compared to the place where the railway crosses.

The third one would be a bridge over the river at Smooth Rock Falls.

We are unfortunate in that the Abitibi Power and Paper Company has taken it into their heads to charge for using the dam there, and it has been that way now for a long, long time.

Then the next is the question of the construction of an up-to-date paved, four-lane highway between here and Winnipeg, with the trucks which will be coming onto the road. Of course, they will by-pass the lakehead, and will be very largely a through road.

That will have to be dealt with very soon, because the road is presently almost impassable for that type of traffic.

Then, of course, there are roads in addition to these which could be constructed, which would be of considerable assistance. One is the road around Lake Nipigon area, going in at Hackett, over to Armstrong on the Canadian National Railway, and coming out on Highway No. 11 at Beardmore on the Onoman Lake road.

I think that whole road should be improved, and another 40 or 50 miles on the north side would about

complete the whole thing, and that would provide an outstanding tourist attraction in that area.

Of course, the road could be used for other things as well.

MR. WARDROPE, M.P.P.: May I say a word before we get away?

THE CHAIRMAN: Certainly, Mr. Wardrope.

MR. WARDROPE, M.P.P.: For the record, I would like to say to you that this meeting has been representative of many important bodies, and most of the important transport bodies in this district.

As you know, the Mayoress of Port Arthur is here, Alderman Booth is representing the Mayor of Fort William, and also the Tourist and Publicity Committee of Fort William, and Mrs. Robinson represents the Tourist and Publicity Committee of Port Arthur.

We have Mr. Magnuson representing the Northwestern Regional Committee of the Labour-Progressive Party.

We have Mr. Phillips, General Manager of the Northwestern Ontario Development Association, and ex-Alderman Russell Brown, representing the Port Arthur Chamber of Commerce, and Mr. Hertig representing the bus lines, the Northwestern Freighters Association, and the Northwestern Ontario Traffic Association.

We have Mr. Guzzi, the representative of the

Ontario Service Stations, and Mr. Hollonquist, representative of the Northwestern Ontario Lumber Operators Association, and there are other representatives of the Highway Department.

I want to make it clear that we issued invitations on behalf of both Chambers of Commerce for luncheon at the Port Arthur Country Club immediately following this sitting. You are all invited. Then, may I say to the members of the Committee, that they will leave here at three o'clock by car for Atikokan, where they will sit tomorrow.

That was not the original arrangement, but the Chairman expressed the wish to have the Committee see at first hand the Atikokan road, and arrangements have been made to take the Committee to Atikokan by car.

Tomorrow the Committee will sit at Atikokan, and the following day will sit at Fort Frances, and go into the question of the International Bridge.

That was the programme I wanted to announce before anybody left the meeting this morning. You are all invited to the luncheon.

THE CHAIRMAN: Are there any more comments any one would like to make, or any questions anyone would like to ask of the Committee?

MR. HOLLONQUIST: Just one thing more, Mr.

Chairman. Mr. Magnuson made the suggestion regarding the road circling around Lake Nipigon, and I think he should have included the suggestion that satisfactory compensation should be considered for the roads which have been already built there for public use.

MR. YAREMKO, Q.C.: Your Worship, may I sum up the opinion here. This Atikokan-Fort Frances highway - the completion of it -- would make a very considerable saving in convenience in time, and indeed in money, so that a great many people would not hesitate to pay the toll for travelling over the causeway portion of it, because of the great saving it would effect in time of travel.

Is that a good summation?

HER WORSHIP MAYOR WISHART: I think it is a very good summation of it, Mr. Yaremko.

THE CHAIRMAN: If there is nothing further, on behalf of the Committee, I would like to express our thanks to all of you who are present, who have taken the time this morning out of your busy days to come here and give us this information, which it is absolutely fundamental for us to know at first hand before we can come to any conclusions which may be, in turn, recommended to the Legislature, and through the Legislature, to the government.

We are very grateful to you, and we thank you very much.

- - - - -

---Whereupon at 12:10 o'clock p.m., the further proceedings of this Committee adjourned until 1:30 this afternoon, to reconvene at luncheon.

- - - - -

P R O C E E D I N G S

of the

LUNCHEON AT THE PORT ARTHUR GOLF AND COUNTRY CLUB, PORT ARTHUR, ONTARIO, BY THE JOINT CHAMBERS OF COMMERCE OF PORT ARTHUR AND FORT WILLIAM, WEDNESDAY, JUNE 20TH, 1956, AT 12:30 O'CLOCK, P.M.

- - - -

Mr. George C. Wardrope, M.P.P., Toastmaster, Presiding.

Mr. J. P. Robarts, Q.C., Committee Chairman.

Mr. D. J. Collins, Committee Secretary.

- - - -

PRESENT:

Messrs. J. P. Robarts, Q.C., (Chairman)

Root,

Sandercock,

Mackenzie,

Yaremko, Q.C.

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Abercrombie,	President, Fort William Chamber of Commerce.
Hon. Clare Mapledoram,	Minister, Department of Lands and Forests, Government of Ontario, Toronto.

Mr. George C. Wardrope, M.P.P., Port Arthur.

Mr. Clifford Hudson,	Secretary-Manager, Port Arthur Chamber of Commerce.
Mr. D. J. Waltress,	Regional Manager, Hydro-Electric Power Commission, and Vice-President, Port Arthur Chamber of Commerce.
Mr. Harvey Johnson,	Secretary-Manager, Fort William Chamber of Commerce.
Mr. Booth,	Representing Municipal Council of Port Arthur.
Mr. Brown,	Representing municipalit

- - - -

Port Arthur, Ontario,
Wednesday, June 20th, 1956,
12:30 o'clock, p.m.

- - - -

THE TOASTMASTER: Gentlemen, I do not think there is any need for formality here. We have Mr. Abercrombie, from the Chamber of Commerce in Fort William and Mr. Booth, representing the Municipal Council of Port Arthur, and Mr. Brown representing the muncipality, the hon. Mr. Mapledoram,the hon. Minister of Lands and Forests in the government of Ontario, and myself, George Wardrope, the member for Port Arthur.

That concludes the formal part of the meeting. I am not asking for any formal discussions. You have already had them this morning, and I presume you have had plenty of opportunity for the expression of opinions

regarding toll roads up in this part of the country. Any opinion I might express would be purely my own.

The representative of the Chamber was to act as the Toastmaster at the luncheon today, but unfortunately he cannot be here.

In his absence, I will say that, generally speaking, anything you gentlemen do to promote a road -- toll or otherwise -- up here, will receive our hearty support.

That concludes my remarks. Would anybody else like to make a speech?

I think the Chairman of the Committee should say a few words at this luncheon.

MR. J. P. ROBARTS, Q.C. (Chairman, Select Committee): Mr. Toastmaster and gentlemen; I would like to thank you very much for this very pleasant luncheon. We have enjoyed our stay here, and we are sorry we cannot be here longer, but we do hope to be able to do something for you in the way of roads, and we are carrying with us some very pleasant memories of our stay here.

THE TOASTMASTER: We would like to hear from the hon. Minister of Lands and Forests, without asking him to stand, as I understand he met with a slight accident not too long ago.

HON. MR. MAPLEDORAM: All I have to say, Mr.

Toastmaster, is to thank you for the opportunity of being here, and to say "Hello" to my colleagues from the Legislature. I do not get the opportunity of seeing them in a group like this too often, although I see them individually fairly frequently. They come from all parts of the province, and most of them are not strangers here as they have been here before with some other Committee. Mr. Robarts, your Chairman, says he has passed over Fort William and Port Arthur, but has never stopped off before.

I do not want to say anything about Port Arthur, but I do wish you would stay long enough to come over to Fort William. However, the two cities are really one when it comes to entertaining, and when you see Fort William, you see Port Arthur, and vice versa. Some day I am sure they will be one great municipality.

We are very happy to see you gentlemen here, because any publicity you can bring back to the Legislature in regard to having roads constructed up here, is good for the area in which you are now.

You will find it very interesting going to Atikokan. If you had arranged your trip for six or seven months later, we would have been able to tell you that you could drive on a paved highway all the way, as I think we will by that time have a paved road right

through. From the Trans-Canada, right through to Shabandowan, and possibly up to Highway 116.

We are on the last two contracts, and to finish the re-pavement and construction of the Trans-Canada in the riding of Fort William. Mr. Sharpe has a tremendous amount of work going on.

If you should travel up the English River to Dryden and Kenora, you would hear a great deal of criticism, but I do not think the people in the Rainy Lake area have too much to complain about.

It seems that some things in the western part of the province are moving a little slowly. There might be some good reason for that, because they have not a good political representative from there. I have driven through Dryden, and from Kenora to Winnipeg, and there are still improvements to be made there.

I know that you will enjoy your trip to Atikokan and Fort Frances, and I do hope you will enjoy plenty of good fishing, and I hope to see you all back in Toronto in the near future. (Applause).

THE TOASTMASTER: I think that concludes our programme for this noon, and if the members of the Committee can be ready to meet in the lobby of the hotel at three o'clock, you will be provided with transportation to take you to Atikokan.

This meeting is now adjourned.

- - - -

---Whereupon the further proceedings of this Committee adjourned at 2:20 o'clock p.m., to reconvene in the town of Atikokan, on Thursday, June 21st, 1956, at 8:30 o'clock, p.m.

- - - - -

ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - - -

VOLUME XX

Thursday, June 21, 1956,

Atikokan, Ontario.

- - - -

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

- - - - -

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

- - -

I N D E X

TWENTIETH DAY, JUNE 21ST, 1956.

Noden, M.P.P., William (Toastmaster). 1849
1851
1853

Johnston, J.. 1850
1880
Resolution by. 1880
1881
1889
1901
1907

Robarts, Q.C., John (Chairman). 1851
1855
1864
1885
1898
1906

Yaremko, Q.C., John 1851
1877

Edmonstone, W. 1862
Resolution by. 1862
1864
1871

MacDonald, D. 1867

British, E. 1873
1889

Oliver, R. 1878
1890

Lindsay, O. 1896

Root, John 1899

Reid, G. 1901

Samuel, Mr. 1903

Davies, R. 1904

"God Save the Queen" 1909

Adjournment 1909

RESOLUTIONS

From Atikokan Chamber of Commerce. 1862

From Council, Township of Atikokan 1880

- - - -

T W E N T I E T H D A Y

Atikokan, Ontario,
Thursday, June 21st, 1956,
8:30 o'clock, p.m.

- - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

Mr. J. P. Robarts, Q.C., Chairman.

Mr. D. J. Collins, Secretary.

- - - -

P R O C E E D I N G S

of the

DINNER TENDERED TO THE COMMITTEE, BY THE ATIKOKAN CHAMBER OF COMMERCE, HELD IN THE LEGION HALL, ATIKOKAN, ONTARIO, THURSDAY, JUNE 21ST, 1956, AT 8:30 O'CLOCK,P.M.

Mr. Willian Noden, M.P.P., (Rainy River),
Toastmaster,
Presiding.

Mr. J. P. Robarts, Q.C., Chairman.

Mr. D. J. Collins, Secretary.

PRESENT:

Messrs. Yaremko, Q.C.,

Sandercock,

Auld,

Root,

Mackenzie,

MacDonald,

APPEARANCES:

Mr. P. O. Pearson, Mr. D. Boland, Mr. W. Anderson, Mr. R. Oliver, Mr. W. Hegler, Mr. W. Wright, Mr. C. LeMay, Mr. T. Hepditch, Mr. B. Eyton, Mr. P. Franklin, Mr. J. McTaggart,	Atikokan Chamber of Commerce.
Mr. S. Hancock, Mr. C. Berry, Mr. F. Kaskie, Mr. R. Clarke,	Members of Atikokan Town Council
Mr. J. Johnston,	Reeve
Mr. A. O. O'Neill	Steelworkers Union.
Mr. B. Davis, Mr. R. Davies,	Representing Progressive-Conservative Association.
Mr. R. Girard, Mr. G. Reid	Representing Liberal Association.

Mr. O. Lindsay,	Representing C.C.F.Group.
Mr. M. S. Fotheringham,	President, Steep Rock Iron Mine.
Mr. W. Edmonstone,	Vice-President, Steep Rock Iron Mine.
Mr. S. Armstrong,) Mr. P. Finner,) Mr. F. Lowing,) Mr. V. Prokopchuk,) Mr. S. Repas,) Mr. J. Watterous,) Mr. R. Wilson,) Mr. A. Bonett) Mr. C. Goodwin,) Mr. C. McDougall,) Mr. F. Quinn,) R. Vollans,) A. Warner,)	Members, Chamber of Commerce Roads Committee.
Mr. J. Hamer,) Mr. T. Smith,) Mr. G. Grindwood,) Mr. M. Howard)	Members, Chamber of Commerce Committee.
Mr. R. W. Clark,	Editor, Atikokan "Progress
Mr. "Ed" British,	Atikokan Transportation Company.
Mr. K. Wares,	Steep Rock "Echo".
Mr. D. Hughes,) Mr. E. O'Gorman,) Mr. M. LaPointe) Mr. Samuel	Chamber of Commerce Tourist Group

- - - - -

THE TOASTMASTER: Ladies and gentlemen; I am very happy to see so many of you here tonight, on an evening when it is so warm.

I am reminded of the little boy going out of

Atikokan, who was thumbing a ride, and I stopped, and I said, "Where do you want to go?", and he said, "Eva Lake".

He got into the car, and I said, "Why do you have to thumb a ride?", and he said, "My Dad is driving a group of men around today.". I said, "What is your name?", and he said, "Peter Hancock". I said, "These are the men whom your Dad has been driving around".

So Mr. Hancock may be counted out, and I will call upon my good friend Mr. Johnston to say a few words to us.

MR. JOHNSTON: Ladies and gentlemen; I am pleased to have the honour today of extending a hearty welcome to the Select Committee on toll roads, now visiting us in Atikokan.

It is very seldom we have had such a representative group from all parts of Ontario, and I am sure you will have a greater knowledge of our needs, and a more sympathetic attitude toward them, when you return to your respective ridings.

Gentlemen, I can assure you that the people and the Council of the Township of Atikokan join me in hoping that your visit has been a pleasant one, that you have obtained the necessary information for which

you came, and that you will visit us again soon.

Thank you. (Applause).

THE TOASTMASTER: I will introduce to you the members of the Select Committee on Toll Roads.

On my left is Mr. John Yaremko, Q.C., of Toronto; Mr. John Root, from Dufferin-Wellington, 40 miles north of Toronto; Mr. James Auld, a young chap who has just had an addition to his family. He comes from Brockville, (applause); Mr. Sandercock, of Belleville, Mr. "Lex" Mackenzie, whom we all know from away back, and next to him is Mr. Donald MacDonald, from York South.

We have with us, as Secretary of the Committee, Mr. "Don" Collins, and also the Hansard Reporter, and last, but by no means least, the most important man on the Committee, its Chairman, Mr. John Robarts, Q.C., from London, whom I now give to you. (Applause).

THE CHAIRMAN: Mr. Toastmaster, ladies and gentlemen; I am going to ask Mr. Yaremko, Q.C. to perform a very pleasant duty which I would like to perform myself, but Mr. Yaremko does these things so well, I think he had better do it.

Perhaps we can have the rest of the ladies come in.

I will now call upon Mr. Yaremko, Q.C.

MR. YAREMKO, Q.C.: Mr. Toastmaster, Mr. Chairman

and gentlemen; perhaps if I could let loose my moose call, I could bring the ladies in, and I will ask them if they will just leave their kitchen for a moment.

I am speaking tonight perhaps strictly as a politician. Politicians in the province of Ontario discovered some years ago that 51 per cent. of this great province of Ontario was made up of the female sex, and anybody who has had anything to do with the control of affairs, knows that 51 per cent. is a controlling interest, so the ladies in the province of Ontario have the controlling interest, and, therefore, we must not forget the ladies.

It is indeed a pleasure for me, on behalf of the Chairman of the Select Committee on Toll Roads, and the other members of the Committee, to express a hearty vote of thanks to the ladies, and in doing so, I want them to know what they have done tonight.

The Chairman of our Committee has, in the last few months, lost 25 pounds, because he has been on a very strict diet, but tonight I discovered that he had eaten not only the meat course, but also a piece of blueberry pie, and not only a piece of blueberry pie, but he has eaten a piece of another kind.

Gentlemen, we have a great deal in common. We enjoy coming into northern Ontario. We enjoy

looking at the new dam which will be erected in the river and enjoyed the other things, especially what was in the freezer. While the Chairman had a piece of blueberry pie and another kind, I, too, have been on a diet for three weeks, but I had raisin pie and some other kind, both of which were enjoyed very much indeed.

As an indication of the progress which has gone on in the town of Atikokan, may I say that when I was here two years ago, I did not see a single lady in the crowd. Major Mackenzie can vouch for me, when I say that there were no ladies present.

MR. MACKENZIE: That is so.

MR. YAREMKO, Q.C.: Major Mackenzie is the only man who could find them. I did not see any.

Mr. Toastmaster, may I add a word in addition to what I was called upon to say, to thank the ladies, which I do most heartily, and I would like to say a word about Atikokan.

Two years ago, I came to northwestern Ontario, and visited several communities, including Atikokan.

I grew up in Welland, an industrial city. In southern Ontario, we also have Hamilton, another industrial city, and Toronto, an industrial and commercial city, and on occasion we would go to Parry

Sound, and I would tell my friends I had been "away up north to Parry Sound."

Some time, when you have the opportunity, take a look of your map of Ontario, and you will find out where Parry Sound really is. It is not "away up north", and it does not even begin to tell what "away up north" really means.

Two years ago, I had the pleasure, with a number of members of the Legislature, to come up to northwestern Ontario, visit the Lakehead, Atikokan, Fort Frances, and Kenora, and to me that trip was a great eye opener. That was the first time I had the opportunity, for example, of seeing the Steep Rock mines, a venture which up to that time had only been a name, or perhaps a little more, because I had read about what the engineers had done in connection with blocking some river, and pumping out some lake. When one reads about such things, they do not mean very much, but when you see it, it becomes of very great significance.

Two years ago, I saw what was taking place, and today, with the other members of the Committee, I had another good view of what is taking place at the present time.

If the Steep Rock mine is an example of what is taking place in northwestern Ontario, I am sure

the other members of the Committee, as well as myself, when we go back to the southeastern part of the province, perhaps as far east as Brockville, or up in Wellington County, or in the city of Toronto, we will have a message to tell the people with whom we come in contact in regard to the great pioneering Company in northwestern Ontario under such men as Mr. Fotheringham, who has the responsibility of conducting the affairs of the Company, and Mr. Davies, who accompanied us this afternoon.

I feel that our group has a part to play in assisting to open up northwestern Ontario, and I think our visit has now reached the stage where it is time to invite you down to the city of Toronto, so that we may explain some of our problems down there.

In passing, I may say that I live in the great city of Toronto, and happen to live on the only unpaved street in the city.

I thank you, ladies and gentlemen. (Applause).

THE CHAIRMAN: That was quite a "thank you" to the ladies. We do have, believe it or not, a little business in mind.

Perhaps I should explain to you what we are. You have learned who we are, and it might be of some interest to you to know why we are here, and just what

we are.

We are what is termed a "Select Committee of the Legislature". That simply means we were appointed by the other members of the Legislature to do a specific job, which is embodied in certain terms of reference.

I would like to make one point clear. We are not part of the government. The government consists of the hon. Prime Minister and his Cabinet. We can recommend, but we can do no more. We have no actual executive power, whatsoever.

Our terms of reference deal primarily with toll roads. There is a point I will raise later concerning another system of what we might term "highway taxation" upon which if anybody cares to express an opinion, we would be very glad to hear it.

I will deal first with the toll road proposition.

This Committee was appointed originally in March or April of 1955. As you know, we had a provincial election one year ago, and when the Legislature was dissolved, of course, the Committee was dissolved as well.

Following the election, we had a one-day session in September of last year, and this Committee was re-appointed, and due to political casualties, we

have one or two new faces on the Committee, having lost one or two of the original appointees.

This Committee has worked very hard. We have done a great deal of travelling, and have investigated toll roads from the point of view of principle. We went into the various reasons why toll roads had been brought into being in the United States, after a very bad historic background, and we tried to find out some of the successful, some of the semi-successful and some which were not very successful, and we came up with some ideas concerning toll roads, which were embodied in the report which was submitted to the Legislature in March of this year.

The report dealt primarily with the principles and our report was accepted by the Legislature, and in the report we all accepted and recommended to the Legislature the principle of toll highways as a means of raising money for building roads which are needed.

We are here now to find out where that principle is applicable in our province, considering the various local situations, traffic, and so on, and so forth. While we have accepted the principle, we have accepted no applications of it, and we will not, until we complete our deliberations, and decide what we

are going to do.

We have to do a considerable amount of travelling around southern Ontario, where we are building roads which might be considered to be the type of roads which could be tolled.

The Department of Highways has under construction, a four-lane, controlled-access highway between Windsor and the Quebec border, which is approximately 600-and-some-odd miles. We have to deal with that.

In your particular situation here, we are well aware of your problem. We are well aware of the great desire you have to have this road constructed between here and Fort Frances.

There is one structure in that stretch which is the causeway over certain parts of Rainy Lake, and we have an idea that might lend itself to the principle we have adopted of tolling.

We have made no decision, and we will make no decision tonight. What we can do is nothing more than make a recommendation, and eventually the decision will be with the government, and not with us, but we hope our voices will be something more than "voices crying in the wilderness", and if we recommend something, we hope it will be accepted.

That applies to a close interpretation of our

terms of reference, and we are interested, of course, in all phases of highway construction.

That leads me to the second point we have been asked to consider, and that is the question of the weight-mile tax.

I do not know whether there is anybody from the trucking industry here this evening, but the weight-mile tax is a form of taxation which has been adopted in, I think, twenty-six of the States of the Union as a means of increasing their revenues in order to acquire more money to build more good roads. I think it will affect your part of the country to some extent, if and when it is ever introduced.

We are merely exploring it, and I will try to tell you what we know about it so far, so that you will know something about it, and if you have any opinions to express, we will be very glad to hear them.

The "weight-mile tax" means the heavier the vehicle, and the more miles it travels in a year, the greater the toll it takes out of the roads, and the principle of the weight-mile tax is a basic tax on the gross weight of the loaded vehicle, and you compute the amount of tax a vehicle will pay on the number of miles it travels over the roads of the province in a year, and you arrive at the position where the men who

use the roads the most, and do the most damage to the roads -- that is, runs the type of vehicles which do the most damage to the roads -- pays the greater amount for their upkeep.

I hope that is clear. Some of the factors of it are not yet clear to me. It is a difficult tax to administer. You have to set up controls, and find out how many miles a vehicle travels in a year.

Then we have to sit down and look at the vehicles periodically, and we sit down and figure out the income for each vehicle, and then we say, "I hope I am right; I hope I have jotted it down correctly", and you sign it, and send it in.

To develop the weight-mile tax, we will have to develop the same type of thinking especially of those who operate trucks, because you will have to take on faith the number of miles a truck may travel.

Those are some of the problems, and perhaps you would be interested in knowing what we have done to date, to try and find some of the answers.

We have travelled over and visited with the authorities of the New York Thruway, which is a toll road, controlled-access, which runs approximately 450 miles from Buffalo to New York City.

We have done the same thing on the New Jersey

Turnpike, the Garden State Parkway, the Pennsylvania Turnpike, and several weeks ago we went down and saw the people in Ohio, because we heard they were in trouble, and, frankly, we made no bones about it. We said, "You people have built your road, will you tell us why you are in trouble, because we would like to anticipate these troubles, before they happen to us."

We have had briefs from 40 or 50 organizations; we sent invitations to probably 200 organizations, asking them to submit any information or particular points of view they may have to us.

That is the background of how this particular Select Committee operates, and what we have done.

Our purpose in being here tonight -- and I will tell you why we are here -- is that we would like expressions of opinions from you, from the people and the representatives of the people.

We have an idea in mind as far as this particular causeway is concerned, and I have in front of me two resolutions, which I take for granted are in front of me for information only, and perhaps at this stage of the game I should ask for any points of view anyone may care to present to us, either personally or as representating any organization.

MR. BRITISH: You have two resolutions before

you now. Would you read the resolutions to us now, so we will know what they are. Some of us have never heard them.

THE CHAIRMAN: One is from the Chamber of Commerce, and one from the Council of Atikokan.

Perhaps Mr. Edmonstone would present his resolution.

MR. EDMONSTONE: Perhaps if Mr. Johnston would present his resolution first, we would know what we have to do.

Well, Mr. Chairman and gentlemen, this is a resolution which was passed at the last general meeting of the Atikokan Chamber of Commerce, and it reads as follows:

"Whereas the Atikokan Chamber of Commerce believes it is entitled to assume on the basis of statements made by Government officials at the opening of the Atikokan Highway in August, 1954, not to mention the many promises made by various Government bodies over the past two decades, that an early start would be made on the completion of the highway to Fort Frances.

And whereas it has been suggested by the local Member of Parliament that this Chamber of Commerce express its view on toll roads to the

Select Committee on Toll Roads which will visit this district on June 21st and 22nd.

Now therefore be it resolved that this Chamber of Commerce express the view that it would be in favor of constructing the proposed causeway across Rainy Lake as a toll road provided that -

1. The toll would apply only to the causeway proper.
2. Acceptance of the toll road principle for the causeway will mean an immediate start on the whole highway project.
3. Residents of the Fort Frances area operating private automobiles will be given special consideration in the matter of toll charges.
4. The toll road principle should not be used excepting in cases of super-class highways and special causeways.
5. The Fort Frances Chamber of Commerce approves the principles embodied in this resolution.

Copy of a resolution approved by a general meeting of the Atikokan Chamber of Commerce on June 13, 1956.

(signed) 'N. Edmonstone'
Chairman, Roads, Transportation and Communications Committee."

That was passed unanimously by the Chamber of Commerce.

Just by way of note to the resolution, Mr. Chairman, I might say that many of us in this section of the country have a great deal of feeling for our friend here (Mr. Noden, M.P.P.) who has not yet started boasting of Toronto.

We know you have tremendous problems in your area around central Ontario, with the tremendous expansion which is going on, but I would say this to you, if you will help us as much as you can, possibly, by making this section of the country a little bit more livable, by the construction of roads and such things, a great many of the people who are causing you so much trouble down east, would come and live with us, and we would love to have them, and you might not have so many problems. We might have more, but we think we can handle them with your help, and we ask you to keep that point in mind when considering this matter with the Legislature.

Thank you. (Applause).

THE CHAIRMAN: Mr. Edmonstone, I wish to thank you for your remarks. They will be written into the proceedings of this Committee. We have our own reporter with us, and this resolution will be written

in and most certainly will be considered.

I propose to make several comments upon it, and perhaps other members of the Committee would like to do likewise.

I do feel that your first point is very well taken.

Considering all the principles of toll roads into which we have run, and the principles we have set forth in the report which has been accepted by the Legislature, I cannot see any possibility for any need, nor that anything will be gained by tolling the road,up here, as such.

The causeway, of course, is in a special category. It is a peculiar structure, and there is none like it, and perhaps tolling it might lead to earlier construction, than you might expect otherwise.

In regard to point No. 3 in your brief: we have a good precedent for that type of thing, and I believe that point is well taken.

If any member of the Committee disagrees with me, they are, of course, free to speak at any time.

We found, on our visit to the New York Thruway, which extends for nearly 500 miles, that if you have an automobile registered in the State of New York, you can buy a yearly pass which, I think, costs $20.00,

which will permit you to ride on the Thruway, or any part of it, as many times as you like in any one year.

That seems to me to be a very reasonable and logical proposition.

In regard to your point No. 4: we set forth a point in our report which might interest you, about which we have expressed some anxiety. We feel it must be a fundamental principle of any toll facility, that the tolls be applied to the capital cost of the project, and when it is paid off, it must revert into the highway system of the province, so that the tolls will not be used to pay for something else.

Each project must be considered as an entity, and when it is completed financially, it becomes free. After all, tolling a road is only another means of raising enough money to build another road. Toll roads have no attributes nor virtues other than that.

We are building three roads in southern Ontario which are comparable to any toll road in the United States, and tolling has nothing to do with the quality of the road or the facilities offered; it is merely another means of raising money to pay for it.

In regard to the fifth point of your brief; we will have to wait until we get to Fort Frances to find the answer to that.

I do not know if any member of the Committee would like to comment, or if any one from the floor would like to say anything.

MR. MacDONALD: Mr. Toastmaster, Mr. Chairman and gentlemen; I have three comments arising out of the brief, which I would like clarified in my mind, in regard to this resolution.

In regard to point No. 4: it says:

> "The toll road principle should not be used excepting in cases of super-class highways and special causeways."

In normal terminology, a "super-class highway" in southern Ontario would be a four-lane proposition. That is a "super-highway".

Would you consider the kind of highway already constructed east of Atikokan as a "super-class highway"? Was that what you were thinking of, or were you thinking of something beyond that?

That is my first question.

Secondly, I am very much interested in point No. 3, which reads:

> "Residents of the Fort Frances area operating private automobiles will be given special consideration in the matter of toll charges."

There seems to me to be something in that which

intrigues me.

We have the Chamber of Commerce in Atikokan applying for a special concession for the people of Fort Frances, and specifically asking for the same consideration for the people of Atikokan.

Are you not asking that the residents of the Rainy River area should have the use of the causeway, and not just those residing in the Fort Frances area.

As the Chairman has indicated, there are places in the United States where you can get a ticket or sticker good for a whole year, and here such a concession would permit the use of the toll road or the causeway, or whatever it may be, as often as you wish, and in that way you are paying a smaller fee for the use of it than the tourist who only uses it once or twice.

Frankly, I am puzzled why a plea has been only made for the Fort Frances people, and not for the residents generally.

Then, my third question -- and this really gets to the basics of the whole thing.

It is in regard to questions 1 and 2, which read as follows:

"1. The toll would apply only to the causeway proper.

2. Acceptance of the toll road principle for

the causeway will mean an immediate start on the whole highway project."

Now, when I was in the area here in April, shortly after the session of the Legislature, there was considerable interest at that point; as a matter of fact, I think my colleague in the Legislature was not seized, until we met in Fort Frances, with what would happen to the highway, and figures at that time indicated that the pre-engineering of the highway envisaged a cost of something like $8 million, or $9 million, $10 million or $12 million. Is that correct, Mr. Noden?

THE TOASTMASTER: For the whole highway?

MR. MacDONALD: Yes.

THE TOASTMASTER: I think it was around $10 million.

MR. MacDONALD: And a lower figure of $3 million for the causeway. In other words, the causeway will represent an expenditure of $3 million out of a total of $10 million.

The thing which interests me is, is it your apparent willingness to accept the principle of tolling the causeway, or is it to try and force the government to "get into the act" immediately, and build the whole road?

I think that is perhaps a very basic question.

Perhaps I should explain it, and if I am raising

it provocatively, the other members of the Committee can add their bit afterwards.

I am not of the opinion that the construction of toll roads in Ontario is a wise or necessary thing. As the Chairman has said, we have agreed on toll roads as a means of raising revenue to meet the growing highway costs, and now we are examining the possible application of that principle to various parts of the province.

It is conceivable we will come to the conclusion that only in very exceptional cases will the toll-road principle have any application, for instance, the Burlington Skyway -- a $17 million project -- is not a superhighway, as we understand it, and the causeway, such as you have up here, is another example.

While I am basically opposed to the application of toll roads, I am open minded on whether or not there may not be specific instances, such as the causeway here, where conceivably the application of the principle is justified.

But I still cannot get away -- while trying to keep open-minded on the issue -- from wondering if it is a wise prospect to establish a toll for generations, perhaps for 30 or 40 years, which is the usual length of time upon which the bonded indebtednesses in the United States toll roads has been based, and I wonder if

it is really advisable, when you take a 25-year period into consideration, to consider tolling only a $3 million investment.

And that brings me to my question, which is the last in the discussion; is your interest to toll the road a real enthusiasm, or a genuine interest to toll the causeway, or is it a means of endeavouring to force the government to get this whole road built, perhaps very much more quickly than if you had the whole road as a free road?

MR. EDMONSTONE: May I attempt to answer the question, Mr. Chairman, since I am the Chairman of the Roads and Transportation Committee?

THE CHAIRMAN: Certainly, Mr. Edmonstone. Please proceed.

MR. EDMONSTONE: I think perhaps I might answer Mr. MacDonald's last question first. I think I can answer it by asking him if he would prefer to go to a show on a pass, or pay his own way? I think we would all like to have passes, if we could, but I do not think that is of necessarily practical consideration.

In this particular instance, we think that perhaps the government is reaching the bottom of the barrel in such matters, and we certainly feel it would help the situation here, and enable us to get the road

sooner, if the causeway were tolled, and we are certainly prepared to pay the toll.

When the Chamber of Commerce discussed the matter, -- and I am only speaking for the Chamber itself, and if others have different views, they are perfectly entitled to speak up -- I think you have to know the district here to understand the unanimity of opinion we sometimes get in matters of this kind.

We have the Northwestern Chambers of Commerce Assoc., and they chose as a slogan, "All for one, and one for all". Sometimes we kick a little over certain things, but in this one we usually see eye to eye.

In this case, we have had wonderful support in getting the link between Atikokan and the Lakehead built. We feel now that the Atikokan people are removed 90 miles from the causeway, and will not use it nearly to the extent that the people in Fort Frances will, and we feel the people in that immediate area, because they live there, should have special consideration with regard to private automobiles, and if it will help to get the highway sooner, by them being on the paying end of it, we, in Atikokan, are willing to assist in any way we can.

As regards this being a "super-class highway"; I will say that we think any highway upon which we can drive through here is a "super-class highway". We are

delighted to hear you,when you spoke of it, call it a "super-class highway".

Our idea was in connection with the type of highway such as the one about which your Chairman spoke, such as the New York Turnpike, and the one which is being built from Windsor to the Quebec border, and probably Highways No. 27 and 400, if they are in that category. That is the type of highway of which we are thinking.

Actually, if we are thinking of a road of that kind from the Lakehead to Fort Frances, we would be glad to call it a "super-class highway", and pay the toll on it.

MR. BRITISH: I will "go along" with Mr. Edmonstone, in regard to what he has said about the highway.

Now, I have a question here. We are operating a transportation operation on the highway, and we are paying commercial licenses, and also for a P.C.V. license, and then there is this contemplated toll on the highway. How do we "get around" the toll?

MR. EDMONSTONE: By paying it.

MR. BRITISH: We are serving a district which cannot be served in any other way as cheaply, and when we are paying for two licenses to the government

for operating, why should we have to pay a toll?

THE CHAIRMAN: Are you suggesting, Mr. British, that commercial vehicles should not pay the toll?

MR. BRITISH: Yes, I am suggesting that. After all, we are paying for two licenses to the provincial government of Ontario, and then it is suggested they charge a toll.

That will cost the people of Atikokan and Fort Frances a great deal for the transportation of their goods.

MR. JOHNSTON: Do you mean to say you are paying toll on the highway from Fort William to Atikokan?

MR. BRITISH: I did not say that. I am talking about the new project. That is about what we are speaking now.

MR. AULD: May I ask a question, Mr. Chairman?

THE CHAIRMAN: Yes.

MR.AULD: Mr. British, the present system, where the private automobile users pay a license fee based on the horsepower, and a gasoline tax --

MR. BRITISH: They do not pay it on the gasoline tax. They pay it as a provincial license.

MR. AULD: There are two taxes; one is on private vehicles, which is paid to the provincial government, and one is a license, which is a yearly affair,

and has no relation to how far you drive. The other, of course, is the gasoline tax.

Then the commercial vehicles pay the P.C.V.'s.

MR. BRITISH: Plus the gasoline tax.

MR. AULD: He pays the P.C.V., which bears no relation to the number of miles he drives.

Supposing we consider the present system equitable; a private vehicle is then paying the fees; surely the commercial vehicles should pay them as well.

MR. BRITISH: The commercial vehicle is paying a license fee to travel on the highways.

MR. AULD: Supposing we take the present system, and it is equitable -- I am not saying it is, but supposing we say it is -- would you say it was fair for an additional charge to be put on one type of vehicle for using the same facilities, without the same charge being put on all vehicles using that facility?

MR. BRITISH: Your reasoning is very good on your side of the fence.

MR. AULD: I am right on the fence.

MR. BRITISH: From the standpoint of a commercial transportation operator, it is not so good.

MR. AULD: If using this toll facility -- whatever it may be -- would not save you money, you will use some alternative free route?

MR. BRITISH: Yes, and go a thousand miles around. You have to study the situation here.

MR. AULD: I must admit, in your particular instance, the theory of an alternate free route, which we discussed in our report, does not apply. There are alternate free routes, but they are quite a little longer, but let us get back to the question.

If two classes of vehicles are using the same facility, certainly it would be fair that each or both pay a toll.

MR. BRITISH: It is reasonable. The only thing I cannot see is that you are servicing part of Ontario, and you can only travel over a certain type of highway, which is the one we have up here, upon which to travel. If there is a toll put on that road, you are paying three taxes to ride on that road.

MR. AULD: Everybody is paying them.

MR. BRITISH: It makes it a little rough for the residents of Atikokan who are transporting material from Fort Frances and the Lakehead to Atikokan, and vice versa.

MR. AULD: What about the operators who might come through Fort Frances and Atikokan, and go on some place else?

MR. BRITISH: They could go on, if Atikokan

does not have to "pay the shot".

MR. AULD: Are you suggesting that one vehicle should go from Atikokan to Fort Frances, but not pay the toll?

MR. BRITISH: Yes.

MR. YAREMKO, Q.C.: Mr. British has brought up a very important point. Mr. Root is here, and he has his troubles.

Mr. Auld is basing his statement on the fact that the system is an equitable one. Now I think he said that with "his tongue in his cheek", because this morning when we were at Steep Rock mine, we saw a Euclid, which is a very heavy vehicle, and if you take one and drive it over a highway, you can imagine what it would do to the ordinary highway, and it is being driven along only about a foot and a half above the highway, and you hardly feel it as you drive it, but I am suspicious it is only about that far above the highway.

We passed an oil tanker coming up, and it was having a tough time going up a 5 per cent. grade, and the weight the oil tanker was imposing on the highway was terrible.

It is a very difficult problem, and the Committee has to consider it, and the purpose of the weight-mile tax is to try and figure out an equitable

system for the people who use the road, for them to pay for it.

Mr. British, when you are considering a toll for vehicles, that is not the only thing in connection with commercial vehicles, because there may be something more.

We have not made up our minds on that as yet. John Root has his idea, and "Don" MacDonald has his idea. But I "go along" with what Mr. Auld had to say, that even going on the basis that the present system is an equitable one, we have a system where private vehicles are paying their equal share, and if there is a toll on the causeway, or whatever it may be, it would be so that commercial vehicles would also pay the toll.

Also, we have discovered in the State of Ohio that the toll roads there are so good that the private automobiles use the toll road,, which leaves the other highway clear for the transport trucks and the heavier vehicles.

You would not have that advantage.

MR. OLIVER: I would like to express an opinion, Mr. Chairman. It depends on whether we want a highway to Fort Frances. I believe a toll charge would be fair, and then "Ed" British is paying the shot, and we have not the highway. If we get the highway, we

will all have to "pay the shot" anyway.

So let us have the highway.

MR. BRITISH: We will have the highway "come Hell or high water".

The heavy vehicle at Steep Rock was mentioned. As you know, you cannot have a license for that type of vehicle on the highways in Ontario.

MR. AULD: You can get a special license.

MR. BRITISH: All you are allowed is 38,000 pounds for the vehicle and load. That is the largest you can get, in the province of Ontario.

MR. AULD: 18,500 pounds per axle.

MR. BRITISH: 38,000 pounds maximum capacity.

MR. AULD: It works out at more than 38,000 pounds.

MR. BRITISH: You cannot have a license for over 38,000 pounds.

MR. AULD: For a tractor-trailer, a tandem trailer.

MR. YAREMKO, Q.C.: I was using the Euclid as an extreme example.

MR. BRITISH: I know you cannot run these vehicles beyond that weight.

THE CHAIRMAN: Perhaps we could take up the other resolution, and then discuss it. I will ask Mr.

Johnston to read the resolution.

MR. JOHNSTON: Thank you. This is submitted by the Council of the Township of Atikokan.

It reads as follows:

" SUBMISSION BY THE COUNCIL OF
THE TOWNSHIP OF ATIKOKAN
JUNE 21st, 1956.

The Select Committee on Toll Roads:

Mr. Chairman and Gentlemen:

1. The Council of the Township of Atikokan endorse the principle of establishing a toll for motor vehicle travel over the proposed Rainy Lake Causeway, but that special consideration be provided inthe rates for regular travellers in the immediate area.

2. The Council respectfully request the Committee to exert all possible influence with the responsible parties towards an immediate start on the Rainy Lake Causeway and completion of Highway 120, from Atikokan to Fort Frances."

I do not know whether the third paragraph takes in the causeway, but I will read it:

"3. The Council respectfully requests the Committee to use its influence with the Municipal Roads Branch of the Department of Highways towards building more Development Roads in Northwestern Ontario,

and in particular, rebuilding the Mine Road in Atikokan from Mercury Avenue to the south limit of Steep Rock Iron Mines.

All of which is respectfully submitted,

The Council of the Township of Atikokan.

(signed) 'J. A. Johnston' - Reeve."

You gentlemen are probably not familiar with the set-up in Atikokan, on what we call a "King's Highway", which is the highway from Mercury Avenue, and quits at the Steep Rock mines. You are not familiar with the history of this road.

This road was built probably eighteen years ago. It was a development road, which was built from here to Hogan's Beach, at a cost of, I think, $18,500.

After it was built, the road became in such a state that I personally -- and I also think Mr. Fotheringham -- took the matter up with the Department of Highways, and it claimed it did not have any such road. It said the road belonged to the Department of Mines.

So we had this road. Would you like to hear what this road is?

THE CHAIRMAN: Yes, carry on. We would love to hear you.

MR. JOHNSTON: I do not want to impose on you;

it is away from the causeway.

This road is, at the present time, called a "King's Highway", built by the government, apparently the Department of Mines, but nobody wants to admit ownership of it. We would like to own it. However, we have no right to it. There was some discussion about changing the name of it, but we do not know whether we have the authority to do that or not.

We would like you, as a Special Committee, to find out whether the government would like to rebuild this road from Mercury to the mine gate. I imagine that the Steep Rock Iron Mines have built the road from there on in.

That is one of our problems.

In reference to the toll problem: the reason that Fort Frances was given special consideration with regard to this toll road was that one-half of Fort Frances has summer cottages east of the causeway, and that means the occupants have to travel back and forth over the causeway. You will notice Atikokan did not ask for any special road on this causeway.

That was the main reason for asking to have Fort Frances have a preferred position. In Atikokan, we consider that even with a reasonable road -- we know at Fort Frances they have a toll bridge across the

river, for travelling a distance of a couple of hundred yards, and they have to pay 40 cents per car, and nobody seems to complain. That bridge has been paid for about sixteen times over the years, but when they get it about paid for, they start to repair it. It does not belong to the province of Ontario, by the way.

I consider if I wanted to go to Fort Frances in a car, as Mr. British said about the tractor-trailer, the distance is about 83 miles. I would much rather pay 50 cents to get across the causeway, than to drive an extra 450 miles to get to Fort Frances. I think it would cost about $16.00 to make that trip, and I do not think I would pay $16.00 to keep from crossing the causeway.

As far as heavy transports are concerned; I think that the heavy transports cause about one-half of the trouble on our first-class and secondary roads today. There is over-loading. We have an experience of that in town at the present time.

If you came down the street this evening, you probably noticed the street here (indicating) right in front of this block, which has been chipped out, and there has been some fill put in. Then, as you go up further, you probably notice the same situation.

That was caused by the heavy traffic on the

streets of Akikokan, after the Highway Department took off its load limits.

I consider the highways are better constructed than the streets of Atikokan.

I think that covers that point.

As far as No. 2 is concerned; it reads:

"The Council respectfully requests the Committee to exert all possible influence with the responsible parties toward an immediate start on the Rainy Lake causeway, and a completion of Highway 120, from Atikokan to Fort Frances."

We know that they will do anything that you consider and recommend, but by the time you talk it over for a couple of years, and they decide to do it, it will take another year to plan it, so it is three years before you even get started on the construction. At least, that has been our experience in Atikokan.

We have about five projects, and by the time we talk about them for about three months, and take them down to Toronto, we may get started some time next spring.

I think that an immediate start on this causeway is very important, not only to Atikokan, but to all of Ontario, and to a great number of tourists from the United States.

Thank you. (Applause).

THE CHAIRMAN: Frankly, I am not in any position to answer that at the moment. That is concerning the town roads.

However, I will say this to you, that we will investigate the situation which you mention to us, and will correspond with you in due course as to what we think might be done, one way or the other.

I do not think any member of the Committee is quite prepared to give you a definite answer at the moment.

MR. JOHNSTON: We just wanted it noted.

THE CHAIRMAN: Yes, it is in the record, and will be considered.

It is the same with all this discussion.

The fact of the matter is that the road to Fort Frances is 87 miles in length, and the estimate by the Department of Highways is that it will cost between $10 million and $13 million. The causeway will be approximately $3 million, which is about 25 per cent. of the entire cost for the total 87 miles. Therefore, it does place itself in what you might call a special category. It is not like building a normal road.

We realize that to many of you, the problems we have in southern Ontario are some distance away, being away down there, and if I could illustrate to you some of

the things we are up against, it might prove interesting.

We built what we called a "by-pass" which is a portion of this controlled-access highway between Windsor and the Quebec border, and was built to go around the city of Toronto, enabling traffic to keep clear of that which was moving east and west through Toronto, and for those who did not want to get into that situation.

One section of that road, as recently as three weeks ago, carried 88,000 vehicles in one single day, which is something over three times its estimated capacity.

To further illustrate, we had a traffic expert in front of the Committee, and we asked him about roads in Toronto, and he said, "You can build a road in the city of Toronto from any place to any place, and in three months, it will be operating well over its estimated capacity".

It is no answer, but merely will sketch the size of the problem which we have, and the fantastic backlog.

It has been said it will cost approximately $1 billion to put the present roads we have now into the shape in which they should be.

That will give you an idea of the magnitude of the problem which faces the province in securing proper

roads.

Our thought in coming here to speak about the causeway was that it is in a different position, and we are very glad to have received these resolutions.

I feel personally -- and I cannot speak for the Committee, because these matters are deliberated amongst ourselves, and no one can speak on behalf of the Committee, and when we finally speak, we will speak as a body, as the majority of the body, with perhaps a minority report. So what I have to say right now is my own personal opinion.

I feel well gratified that your organizations take the attitude they did, as embodied in these two resolutions.

I might say that the Burlington Skyway, which is a $16-million project, will bring the tourist traffic from Buffalo, in increasing numbers, into this country, and eventually into the Muskoka area. That Skyway is situated in the Hamilton section.

The city of Hamilton, and the county of Wentworth, in which Hamilton is situated, and the Suburban Roads Commission of that area appeared before this Committee last spring, and all three of them were unanimous in agreeing that the Skyway should be tolled. However, that decision has not been finally made as yet.

The government has not decided whether it will be tolled or not.

When that facility is opened, it will be used by the out-of-state, and out-of-province vehicles, and why should they not pay to ride on it?

To me, it is a "natural", because we have a situation in southern Ontario, where, to a great extent, trucks come in at Detroit, and go out at Fort Erie, and they use these "saddle tanks", and they can fuel up on the American side, and run right through, and back to the American side, and never buy a gallon of gasoline.

In Ohio, we found that was one of the fundamental reasons for them building a toll road, because they found they had industries around Chicago and Detroit, the vehicles of which were entering at the northeast border, and then riding across the State, and paying no tax. They pay taxes in their States of origin, but they are driving through Ohio, without paying any tax whatever, and Ohio put in a toll road simply because they can see no reason for trucks driving through Ohio for nothing.

I would like to throw the meeting open, if anyone has any point which they would like to raise, either commenting on points which have been raised, or any others which may come to mind, concerning this important problem.

MR. JOHNSTON: Mr. Chairman, before you throw the meeting open, there was another item which came up at a meeting of the Northwestern Development Association. They claim the present Atikokan highway was not warranted, because the traffic was not heavy enough.

We have a town here with 5,000 population, and we expect it to be 10,000 in the reasonably near future. Why was it necessary to have to warrant the use of the road, when it is opening up a district with a population which probably will be in excess of 15,000 people? They claim the traffic was not sufficient to warrant the construction of the road.

MR. BRITISH: I cannot keep quiet in the face of the comments on that question, because I know what it is to try and get people to come into an area and live. They will come in, if they can get into a car and take their families out for drives. If it is difficult for them to get in and out, they will think twice before they accept employment in an area like this. The roads make conditions better, and help to open up the country, generally.

I would say, Mr. Chairman, it is a fact that we realize the terrific problem you have in the central part of the province, in keeping up with the situation as it exists down there, but I think the government

of the province of Ontario has to make an investment around here, just the same as the industries here have had to make heavy investments, perhaps amounting to many millions of dollars before they started business.

I think the government will have to get more money -- borrow it, if necessary -- and that in the next ten or fifteen years, all of these projects will pay off, and pay off very handsomely.

That would solve many of these problems.

MR. OLIVER: You live in the city of London, Mr. Chairman, and up here you will see just where we are located, that is, at a dead end; we are on a street nobody goes down. We want a through street here, which will increase the traffic going through.

Mr. British said we would have to "pay the shot"; I would like to know what "shot" we are going to pay for this transportation. How much does it cost you per mile to run one of your transports?

MR. BRITISH: 27½ cents plus.

MR. OLIVER: Times 500 miles. I think, by paying the tolls to have the transports come over the causeway, into Atikokan, he could pass his savings on to us Atikokanites. (Laughter).

MR. BRITISH: To operate our vehicles, per vehicle, paying the provincial licenses, will cost about

$600.00. The P.C.V. licenses cost $474.00, plus the 11-cent tax, and it amounts to about $560.00 per year per vehicle.

MR. AULD: How many miles per year do you operate?

MR. BRITISH: That is not calculated on a daily operation. I would say about 130 miles per day.

MR. AULD: That is perhaps a little "off the track". Would you say, Mr. British, that the present system where you pay for a P.C.V. license, based on gross operation, and commercial license tax based on a gross vehicle weight, would be, in your estimation, a fair system?

You pay the same tax whether you operate one mile or 500 miles with that vehicle.

MR. BRITISH: I do not think it is a fair system. It should be operated on a per-ton basis; that would give the operator a chance to "get going", before he goes "broke".

MR. AULD: One other thing. I think the limit for a vehicle -- a tandem tractor-trailer -- is around 58,000 pounds.

MR. BRITISH: I thought it was 38,000 pounds.

MR. AULD: I disagree with you.

MR. BRITISH: You may be right. That is what

we are told in Atikokan, that it is 38,000 pounds.

MR. AULD: I think you will find with a five-axle vehicle, it is around 58,000 pounds.

MR. BRITISH: Not on the roads we have here.

MR. OLIVER: I do not think Mr. British's problem is a problem at all. I think you will agree if that causeway is put through, as of now, from Atikokan to the Lakehead, there should be a toll charged, and I do not think the number of times Mr. British will go through there will amount to a row of pins.

MR. BRITISH: I would like to know how many licenses we have to pay for in the province, to be able to operate.

MR. OLIVER: That is a different matter. I do not think the tolls would bother you a little bit.

MR. CLARK: When do you expect your Committee will be bringing down a report, Mr. Chairman?

THE CHAIRMAN: Under our present schedule, we will only be bringing in a final report at the next session of the Legislature, which I presume will convene in February, 1957.

MR. CLARK: Does that mean there will be no start on the causeway until you have brought in your report?

THE CHAIRMAN: I tried to make it clear when

we commenced this evening, that this Committee has no executive power. We only have the power to investigate and report. It may be that our recommendations will not be implemented in any way at all. We hope that will not be so.

But we are in no position to make any final decision, because we have no control over that.

MR. BRITISH: I think Mr. Clark's anxiety might be answered, if Mr. Noden received a reply to a resolution sent to the government a couple of months ago.

THE CHAIRMAN: I would like to ask Mr. Noden if he would like to say something to this Committee, which might be written into the record of the proceedings this evening.

THE TOASTMASTER: I want to direct my few remarks to the Toll Committee.

First, I would like to say this, speaking about a toll over Rainy Lake, that we must realize that to the south of us, there are between 40 million and 50 million people, any number of whom might want to drive into this area.

Now, in building any road today, I believe that the justification for building this road goes back to the building of the road to Red Lake. Why was it built? There was a reason for it -- sure.

Why was the road built from the Lakehead to Atikokan? There was a definite reason.

Why was the road built to Terrace Bay and Marathon and Kenora? Because industry became interested in those areas, and demanded roads. That is why the roads were built.

Today, in this area, it is this "missing link" which we have before us. It is something for which we have been asking for the last 25 years, and this is the last piece of road in northwestern Ontario which is yet to be finalized, and for the reason that there are those 40 million or 50 million people, any of whom may wish to come up here. We think that is enough to warrant a direct road connecting ourselves with those who are living practically next door to us. How will it be used, and how will we get some benefit from it? That is a matter which I think concerns all of us.

If you read the Canadian magazines and newspapers, you will very often see the letters "K.O.B.", which means, as you know, "Know Ontario Better".

Is that not justification enough to have a road built, so that our people can travel from east to west?

Then, we have the St. Lawrence Seaway now under construction to the Lakehead. What have we? One

highway to take care of all the traffic that will be coming from the Seaway.

We have the railways, which are very important to the Canadian economy, and a highway would be equally important, and I think we certainly deserve more than one highway across Canada.

The United States, to the south of us, has about eight through highways; surely, we can afford two. Then we would be provided with some means of travelling between the east and the west.

I have heard so many people say in the east they would like to come up into this area, but there are no road facilities to enable them to come in.

There is one thing which I think should be done, and that is to build the road from Sudbury to Marathon, so that people who may want to come up here can do so. This country is developing, and I think it is up to all of us to endeavour to develop ways and means to make it possible for people to travel where they want to go.

There has been some mention made of "traffic counts". Well, you cannot have a traffic count until you build a road, and see what the traffic will be on it.

I am sure the travel on the road to Red Lake and to Atikokan is not too large today.

The mine tax from this one mine alone, will pay back any money they spend here in the next ten years.

This is not going to serve only the 23,000 people in the Rainy River district; it will serve all of Ontario, and all of Canada, from east to west.

Today one sees machinery of many different types. We were shown one truck which cost $50,000. It must be built someplace.

Great wealth is being produced in this mine, and, after all, the people will all benefit from it, and I think the same will apply when this highway is completed, as it will provide what really will be a second Trans-continental highway, and will be of benefit to all the people of Ontario.

I could say a great many other things, and I feel we are applying for something here which is justified and very necessary. We have been assured it will be built, and I think it is up to us to press for the immediate construction of this highway, so it will serve all the people in this province. (Applause).

MR. LINDSAY: I have one question, Mr. Chairman. Considering the road as a toll road; has the Committee any information as to what it would cost to have this road built from Fort Frances to Atikokan, if it was not built heavy enough to carry the heavy transport

trucks? At present there is a certain weight allowed by the licensing authority. If that were cut down, so that only so much weight could be carried, how much of that $13 million would be saved?

THE CHAIRMAN: I do not think I can answer that, nor can any member of this Committee. We might be able to obtain that information from the Department of Highways.

We really are quite interested in that information, but from an entirely different point of view. We have two reasons for building deep-fill highways, one is the weather, and the other the traffic which goes over them, and it means that the weather would require the type of highway which could withstand it, and also of sufficient strength to carry the heavy traffic as well.

Mr. MacDonald quoted some figures in the House during the last session from the State of California, which has entirely different weather conditions, and I think he said at that time that 52 per cent. of the cost which was being put in to the roads was to accommodate 4 per cent. of the traffic.

MR. MacDONALD: And the 4 per cent. was truck traffic.

MR. LINDSAY: And they object to paying toll.

THE CHAIRMAN: In looking at this from a broad

point of view, do not forget the position that it holds in the over-all picture.

MR. LINDSAY: I was not referring to the trucking industry in Ontario only, but to all trucking industry in general; it is opposed to the principle of paying tolls.

THE CHAIRMAN: Not entirely. You run into something like the Pennsylvania Turnpike, which runs through very mountainous country. They have shown it saves up to 42 per cent. of gasoline consumption, to say nothing of the saving on tires, and the wear and tear on the equipment, which you do not save on the heavy grades or the big hills, with their heavy loads. There are definite financial advantages to the trucking industry in operating on a highway of that type. Somewhere in there is the balance. They will pay to ride on it, if it is financially sound for them to do so.

The question you raise is a difficult one for this province, because of this weather factor, and it means they will have to build heavier roads for passenger vehicles, in order to withstand the frost.

We have not the answer to your question.

MR. ROOT: Mr. Chairman, there was one thought which went through my mind when we were at the mine. I noticed some very heavy equipment, and I asked them

where they got their repair parts, and I understand part of them come from Minnesota?

MR. EDMONSTONE: Yes.

MR. ROOT: And if this road was built, and they did not have to go around the long route, would it affect the cost of the repair parts?

MR. EDMONSTONE: They bring them in by rail, and it requires about 150 miles from here to the Range, by way of Fort Frances, down to Hibbing, and it is about 325 or 350 miles, if they have to go around via Fort William or down around Duluth.

MR. BRITISH: 520 miles around the lake.

MR. EDMONSTONE: It is a big saving in mileage.

MR. ROOT: And in time, in cases of emergency?

MR. EDMONSTONE: Yes.

MR. ROOT: I was interested in what Mr. British said regarding the trucks. I have some knowledge of them.

I have operated under a P.C.V. for twenty-four years, and I understand it is a three-structure tax, but it gives you privileges which the other taxes do not.

I do not think we have the power to order a super-structure to be tolled.

One of the recommendations of the Committee

was that the province might consider building basic roads, and the tolls would only apply to super roads, which give special benefits, and on super-structures, which were not normal throughout the province.

That is why I am interested in the resolutions presented here, and apparently the Chamber of Commerce and the Council are ready to accept the principle that this is not a normal thing which is being built all over the province.

It seems to me that if we could build up the highway, and make these great savings, and give you a through street, as it were, through Atikokan, the principles we suggested last winter are reasonably sound.

I do not think there is anything more I have to say. The question regarding the trucks will be considered in connection with the weight-mile tax.

I believe there is a certain amount of merit in the weight-mile tax, because we know people are buying heavy trucks for small mileage, but, on the other hand, you have the question of the cost of administering that tax, and the matter of evasion.

We do not want a tax structure where honest men carry the load, while others make some attempt to evade it.

However, that is another question.

MR. JOHNSTON: Mr. Chairman, I understand a few years ago the Ontario government -- in fact, we made a special point of trying to find it out -- would only build first-class roads. They were not interested in building second-class roads. When they built a road, it had to be a good road. That is one point.

As far as the P.C.V. licenses are concerned; if they give the licensee special privileges, that is to say, that one without a P.C.V. license cannot operate on that road, I think you will all agree with me that is important. At one time, I had a P.C.V. license.

MR. REID: I would like to impress upon your Committee the point that the government was prone to calculate, when building a new road, the returns based on revenue from the gasoline tax.

There are many other considerations for a road between Atikokan and Fort Frances.

Prior to the building of the road from the Trans-Canada to Atikokan, there was one tourist camp operating in that area. There are now seven, and I understand they have all been operating no more than one year, and up to date, they have been completely filled with United States tourists.They contribute a great deal to the wealth of this country by way of being a new industry, particularly in this area.

I believe the tourist traffic will increase probably fifty-fold in two or three years if we have this road from Atikokan to Fort Frances. It will give them something new.

I think there are somewhere in the neighbourhood of 48 million Americans within a two-days' drive, which gives us something upon which to draw.

Furthermore, a road to Fort Frances means the opening of new pulpwood areas, where trucks hauling pulpwood might help pay for the road.. They now have to pay an excessive rate, because of the lack of roads. That also will prove of great benefit to this area.

Thirdly, in Atikokan, the usual agriculture establishment is a normal person's back yard. There is no agriculture area in or near Atikokan, as development is prevented by the reason of the kind of country. It is like the Muskoka area.

To the west of Fort Frances, is one of the best mixed-farming areas in Ontario, and if the road was open, they would find a market in Atikokan.

I would like to ask Mr. Edmonstone what the mining tax to the provincial government was for 1955? I think I have heard it.

MR. EDMONSTONE: It was $369,000. It will be somewhere between $750,000 and $1 million this year.

You did not ask me that, but I am telling you anyway.

MR. REID: I would like to suggest that the amount for 1955-1956 could be reduced by as much as 25 per cent. if there was one highway between Atikokan and the Trans-Canada, because many people just will not stay here without that road.

It makes Atikokan a better place in which to live.

MR. EDMONSTONE: May I say "Amen"?

MR. REID: I have not covered all the points. There are others.

I hope the government will study the possibilities of this road, and I would like to point out to the government that it is not only the revenue from the gasoline tax which pays for the road, but many other allied things which enter into it. (Applause).

THE CHAIRMAN: Thank you, Mr. Reid.

MR. SAMUEL: There are two things I would like to mention. One is that Mr. Johnston spoke about the road built from Atikokan to Steep Rock Lake. Originally, this was in regard to the development of Steep Rock. I believe it was started when there were no Provincial Police in Atikokan, and Steep Rock was securing licenses for its cars.

After awhile, the Provincial Police came in, and the authorities took out the licenses for these cars, but it was not a highway they were driving on. That is one point.

My impression of the attitude of the people of Fort William, Port Arthur, Atikokan and Fort Frances and the people who live in the middle, is they would like the highway, and if they have to pay a toll, they will pay it gladly, provided the highway comes in quickly.

THE CHAIRMAN: In the particular area in which I live, the projected four-lane highway to Toronto as planned, is not being built for my own constituency, but when the road is built, it will be of benefit to us all, and the people are saying repeatedly, "Let us have this road".

It is getting late, and I would ask if there are any further comments or questions, either from the floor or from any member of the Committee.

MR. DAVIES: There is one thing about a toll road, and that is, I have had the privilege of going across the Canso Causeway, which was built by the Federal government at considerable expense, and it may cost more. I understand the government is paying out somewhere in the neighbourhood of $1,200,000 because they were up against some very rocky terrain.

It was a government project, and it was less than one-half mile in length, and the four times I crossed that causeway, it cost me 75 cents.

There was no doubt about it, I thought I was lucky, that I did not have to cross on the ferry, and perhaps wait for two hours or more for the ferry to pick me up and take me to the other side.

One year I think there was less than 500,000 who took advantage of the causeway, but the government saw fit to build a causeway, and saw fit to charge 75 cents everytime you crossed over, and nobody "beefed" about it. Nobody had very much to say about whether they would "beef" about it.

We have the privilege tonight of getting up here and saying what we think, and it occurs to me that here we may have to pay a little toll to get across three miles.

If it cost 75 cents to benefit less than half a million people down east, I am sure the 40 million people immediately south of us would use this road, and as Mr. Noden mentioned, -- I doubt if it would cost 75 cents, but I think we deserve to have that road built. If the Federal government saw fit to spend the money it did spend to build one-third of a mile, I think it can see fit, where we have 40 million people willing to use

that facility, to spend the necessary money to build the contemplated causeway.

MR. OLIVER: We have heard a great deal about the highway, but if you do not adjourn this meeting very soon, you will lose the only transportation you have to Fort Frances, unless you want to drive about 400 miles.

THE CHAIRMAN: I think Romeo (Mr. Oliver) is putting it very well, but I do not want to close this meeting without saying "Thank you" to the Chamber of Commerce for this very delightful evening, and also for the wonderful experiences we have had today.

In regard to the Steep Rock Mine; all I can say is you have to see it to believe it. I have read about it, but reading does not begin to tell the story about it.

We also "wet a line" this afternoon, and picked up more or less slight cases of sunburn, but we had a great deal of fun, and I am certain I speak on behalf of the entire Committee when I say we have nothing but thanks to extend to you. We have enjoyed our experiences immensely, and I would like to frankly express the feeling that I think we have gained some ideas which will help us inmeasurably, and we will depart from Atikokan with many happy memories.

THE TOASTMASTER: I will call upon our genial

President of the Atikokan Chamber of Commerce again.

MR. JOHNSTON: Thank you, Mr. Noden.

Mr. Robarts, members of the Select Committee, and guests of the Chamber: I believe that Mr. Yaremko, Q.C.,and yourself, Mr. Chairman, summed up your appreciation. May I say that we appreciate having you here. We know you are sympathetic with our problems in Atikokan, as we are sympathetic with your problems in southern Ontario.

I wonder if you are not trying to untangle yourselves down there --

THE CHAIRMAN: We are trying to, certainly.

MR. JOHNSTON: Up here, we are thinking of developing the country. We feel that this road -- tolled or not -- will add greatly to the development of northwestern Ontario, and Canada, particularly in view of the deep waterway which will be completed before too long.

The bridge at Rainy River, -- the connecting link between Fort Frances and Atikokan - will provide primarily a short, direct route through Canada, with the exception of the small area around Lake of the Woods to the west. This is important when you think of the traffic which will be travelling over it, if we can keep here in Canada the revenues from the gasoline tax and tolls.

Another point I would like to mention, that I believe this year the budget for highway development, and maintenance, by the government of the day, was $223 million. Roughly, 4 per cent. of that would build the road and causeway to Fort Frances.

We believe, Mr. Chairman and gentlemen, that this section of the country has probably been the most neglected part of Ontario since Confederation. We need a little consideration up here, and we sincerely solicit your support, as a non-political group, in interesting the political group in Toronto, and bringing to their attention the fact that we need this road.

I would like to direct this to the Chamber members present. The Chairman intimated that we in Ontario might be governed by the Cabinet. Could we not change the status of the Chamber, and have it governed by the Directors?

THE CHAIRMAN: Until the members kick the Directors out.

MR. JOHNSTON: It nearly came to that once.

I do wish to express our appreciation to you, especially in view of the fact that you took time off from your work, which is very important, to be with us, and we were glad we were able to take you on the little tour today.

We appreciate the fact that you have also taken time from your constituencies to come here and learn about our problems.

Again I say we appreciate it, and we hope you will come back again, and I do hope that when you do come back, you come from Fort Frances over the new highway. (Applause).

I would also like to add a special thanks to the Steep Rock Iron officials and their staffs, who conducted our guests through the mine, and explained the different parts of it.

THE CHAIRMAN: As we have held our supper and this meeting in the Legion Hall, I think it would be something very fine, if we sang "God Save the Queen".

SONG: "God Save the Queen".

THE TOASTMASTER: If there is nothing further, I will declare this meeting adjourned.

- - - - -

---Whereupon at 10:45 o'clock p.m., the further proceedings of this Committee adjourned, to reconvene in the town of Fort Frances, on Friday, June 22nd, 1956, at 2:30 o'clock, p.m.

- - - - -